



# ★★★★★ SMALL BUSINESS RESOURCE GUIDE



**VirginiaDBA**  
Connecting Businesses with Resources  
*Department of Business Assistance*

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this guide is available at [www.vdba.virginia.gov/guide](http://www.vdba.virginia.gov/guide)

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## Have a new product or service idea? Don't know how to proceed? *Join VINE today!*

**Virginia Innovators Network (VINE)** is a not-for-profit, educational organization that supports innovative Virginians who are looking to bring their unique products and services to market.

**WHAT  
VINE  
DOES...**

**Connect** Bringing together inventors, innovators, entrepreneurs, small businesses and professional services providers to facilitate the commercialization of innovation.

**Educate** Provide members with programs, insights and knowledge to help make decisions and take action towards commercializing innovation.

**Promote** Create awareness for the members and the organization across the Commonwealth to increase the growth and success of innovation-driven business.



**Virginia Innovators  
Network**



*For more information about VINE and  
to sign-up for our monthly meetings, visit:*  
**[vainnovators.org](http://vainnovators.org)**

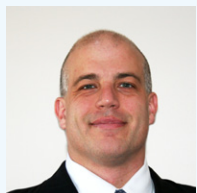


### A Message from the Editors

We hope that you find the Virginia Small Business Resource Guide a valuable tool for starting and running your business. Significant changes have been made from previous guides to focus on the unique needs of small business owners who are looking to establish successful businesses in the Commonwealth of Virginia.

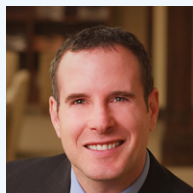
We would like to thank the Virginia Department of Business Assistance for the opportunity to work with both state agencies and many business leaders in developing this guide for Small Businesses. There was recognition by all parties of the opportunity to more clearly target and meet the needs of small businesses with this guide. The engagement of multiple business experts from across the commonwealth has provided valuable expertise to aid businesses while continuing to highlight all of the services provided by the State of Virginia.

Moving forward, we are looking to build upon and improve the content of this guide. We are very interested in hearing suggestions to improve the content and actively seek the expertise of additional Virginians to deliver better content in future years. If you have suggestions or are interested in participating in future versions of this document, please contact us.



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Special thanks to Allison Bhatta and John Sample of the VirginiaDBA marketing team for their production contributions.

### A Message from the Governor

Innovative small businesses are the backbone of the Virginia economy. I am proclaiming 2012 as the “Year of the Entrepreneur,” as part of my administration’s dedication to fostering the creation of more jobs and entrepreneurial investment in the Commonwealth.

We will provide businesses access to great resources and venues throughout the year to promote this vital part of our economic, competitive advantage. Whether you are just getting started or looking to expand your business, the Virginia Business One Stop web site and the small business financing programs offered by the Department of Business Assistance are available to support your endeavor. Thank you for all you do to keep Virginia prosperous. Working together we will create a vibrant Commonwealth of Opportunity for all Virginians.

The Honorable Robert F. McDonnell  
Governor of Virginia



### A Message from the Director

Welcome to the first edition of the Small Business Resource Guide. This guide is intended to help those willing to take a risk to start a small business and help them avoid pitfalls along the way. The Department of Business Assistance (DBA) worked with other state agencies and collaborated with experts in banking, legal and marketing to identify resources associated with starting and growing your business.

It is my priority to provide the best level of service to Virginians. We are pleased with the success of The Business One Stop, which has registered over 36,000 new companies in its first year of service. Some of the new services DBA is offering this year include: No-Fee Loan Guaranty, Micro-Loan Program, and workforce retraining for small businesses.

We dedicate this guide to the innovators and entrepreneurs of this great Commonwealth.

Peter Su  
Assistant Secretary of Commerce and Trade  
Director of Department of Business Assistance



#### Disclaimer:

This communication provides general information and does not create any client relationship between the reader and the authors therein. You should consult your professional advisors, accountants and attorneys before taking any action or making any decisions concerning the matters in this communication.

## Meet the Authors

Thanks to the following business leaders for their time and expertise in making this publication a valuable resource for small businesses.



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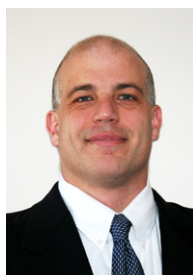
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Timothy Kyle Benusa graduated from the University of Virginia in 2008. After gaining accounting and tax experience with Benusa & Associates, Kyle decided to pursue a MBA at the University of Richmond. When he graduates in 2012, he will pursue a career in small business finance, accounting, and tax.



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Mike is a proven innovator and entrepreneur who has successfully taken multiple unique consumers products from concept to commercial success with his products available through over 10,000 retail locations in 20+ countries. Mike has also authored a book, "Start Living the American Dream", and offers other services to affordably educate innovators who are looking to transform their ideas into successful products.



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Elin Associates assists business owners with guidance on what they need to know about human resources to ensure compliance with state and federal regulations, to enable them to treat employees fairly, and to provide suggestions relative to good business practices. Larry has over 30 years experience as a human resources practitioner and thrives on developing relationships with business owners.



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# Startup Checklist

## ❑ Evaluate your strengths and weaknesses as an entrepreneur (see Chapter 1)

*An honest assessment here includes:*

- your own personality
- your current (and future) financial needs family and work situations your goals and aspirations

## ❑ Objectively assess your business opportunity (see Chapter 2)

*This evaluation includes the following:*

- your assessment of the strength of your business idea
- other peoples' assessment of the strength of your business idea-an evaluation of your business model (i.e., your path to money)
- your ability (human capital, financial) to bring the product and/ or service to market
- assessment of the competitors
- assessment of the industry in which you are entering
- current, and future, economic and political environment

## ❑ Consider the Logistics of Starting Your business (see Chapter 3)

*The logistics of your business start-up may include:*

- funding your business
- naming your business
- choosing a legal entity
- registering your business
- getting insurance and relevant permits

## Business One Stop

# Virginia BUSINESS 1 NE STOP

The Commonwealth of Virginia looks to enable, not hinder business. That's why the Virginia Department of Business Assistance (VDBA) revamped Business One Stop, an online, interactive portal that provides future and existing business owners access to the information they need to operate in Virginia.

"Business One Stop is set up to facilitate easy access to both state and federal resources that are available to business owners," says Peter Su, director of the VDBA. "We have organized information in the following categories to mirror the life cycle of a business: those considering starting a business, those ready to begin the registration process to start a business, those already running a business, those who would like to expand their business, and lastly those companies outside of Virginia who would like to learn more about the advantages of relocating their business to the state."

The remodeled site, launched on Dec. 27, 2010, was expanded to include resources from seven state agencies that commonly serve Virginia businesses.

BOS allows business owners to receive customized assistance in filling out forms and registrations that are required to start and launch a business in Virginia. For a \$20 fee, users can create an account, which will populate necessary forms for Commonwealth agencies and develop customized lists of fees, forms and registrations required for your specific business.

"The new BOS helps with electronic form entries and some online registration processes," says Su. "Going forward, we will continue to refine the system so even fewer paper submission forms are needed."

[www.bos.virginia.gov](http://www.bos.virginia.gov)

Information Hotline: 804-371-0438

## Did You Know?

**In Virginia, the corporate income tax rate of 6% has not been increased since 1972.**



## Other Crucial Resources

### Virginia State Corporation Commission

Most companies are required to register with the SCC. This is the place to go to set up a LLC in the state of Virginia. Call (804) 371-9967 or visit

[www.scc.virginia.gov/division/clk](http://www.scc.virginia.gov/division/clk)

### Virginia Department of Taxation

All Virginia businesses must register with the Virginia Department of Taxation. Contact the Department at

[www.tax.virginia.gov](http://www.tax.virginia.gov)

or by calling (804) 367-8037. You will need to have a federal tax employer identification number (EIN) from the Internal Revenue Service. Visit <http://www.irs.gov> to request a SS-4 form need to get an EIN number.

### Virginia Employment Commission

If you hire employees, you will need to pay unemployment insurance tax. The Virginia Employment Commission will assign your business an account and send you an Employee Handbook. This will explain reports, notices, requests for information and other communications you will receive from the VEC. For more information, visit

[www.vec.virginia.gov](http://www.vec.virginia.gov)

### Department of Professional and Occupational Regulation

DPOR supports Virginia's role as the best place for small businesses by licensing qualified professionals.

*See page 36 for more information.*



# Owning Your Own Business: Is It All It's Cracked Up To Be?

by Robin Smith, Business Ownership Coach at The Entrepreneur's Source

Strolling along the beach, playing eighteen holes of golf, rolling into a beautiful office where respectful, timely employees jump at your every word....this is what many people dream of when they think of owning their own business. Sometimes they are looking to escape from the nine-to-five grind of office politics. Sometimes they have an idea they just know will make them filthy rich. Sometimes they have a hobby they want to make into a business. Sometimes they are looking for control, security, or flexibility. Or all of the above. In too many cases, once they achieve business ownership, owners find themselves right back in the environment they were trying to escape: working long hours, with equal (or more) stress. What happened?

Often, the lack of defined goals was the culprit in creating the problem. If you are going to be your own boss you need to consider what you want to get out of it, personally, professionally and financially. If work-life balance and being there for your kids is important to you, you may want to reconsider that great sports bar idea. Find a business that lets you visit that sports bar, not own it.

## Consider these three steps toward successful business ownership:

1. Take a few moments right now to consider how you want your life to look. What would you like to be different as a result of owning your own business? Picture yourself in 5 years having a conversation with your best friend. You're telling her that you're being who you want to be, you have what you want to have, and you're doing what you want to do. What does that look like for you? In order to create it, you have to know what it looks like for you.

2. Next, make a list of your strengths. What do you do well? Unfortunately, we've been conditioned to focus on what we don't do well. Today, take a moment to consider what you do well. Do you return phone calls in a timely fashion? Always arrive on time for meetings and appointments? Are you the person all your friends call when they need an ear to bend? While these may seem like ordinary events to you, they add up to who you are and what you can offer to the world. Knowing and feeling comfortable with your strengths will allow you to focus on opportunities that capitalize on your strengths. Capitalizing on what you do well is a great way to achieve success quickly.

3. Finally, write your goals down where you can see them, everyday. If you know what you want to achieve from owning your own business and you are working toward those goals, it makes the hard times just a little bit easier.

## While going through this exercise there are some things to keep in mind:

- Get comfortable being uncomfortable. In order to achieve your goals, it's likely that you'll have to do things differently than you've been doing them up until now. If you leave the job that you are unhappy with to start a business doing the exact same thing, you may be just as unhappy... and now you have the added complication that it's all yours! As the saying goes: "If you do what you've always done, you'll get what you've always gotten".

- Keep an open mind about the options. There may be businesses out there that you have never considered but that have the potential to help you to achieve your goals. Beyond the product or service, you'll want to look at the role of the owner in the business. Can you fill that role? By doing so, could you achieve your goals?

- Understand the business economics. Many people who set off to pursue their 'dream' are rudely awakened by the costs...particularly marketing costs. If you want to be successful, don't underestimate what you'll need to do from a marketing perspective. Even if you have a great product or service, if no one knows you exist, you won't be successful.

- Understand your personal/family economics. There is going to be some ramp up time involved. You won't be making money day one; plan for this and understand your own personal financial requirements.

You can avoid being a business owner who would do something different if they could by focusing on your strengths and what you want your life to look like. Use your vision to find a business model that will help you achieve your clearly defined goals and you're on your way to success!

Entrepreneurial Myths vs. Reality	
Myth	The Reality
Since you work for yourself, you can take a vacation any time.	If you are not working, your business is not moving forward and you are not making any money... You are seldom comfortable taking long vacations, if any.
Since you make all the decisions, you are in control of everything and answer to no one.	You are impacted by decisions that you cannot control both within and outside of your organization... and you will answer to your customers, employees and suppliers.
You get to focus on the areas of the business that you love.	You probably cannot afford a significant support staff so you are responsible for most of the business which can include cleaning bathrooms, taking out the garbage and worst of all... Accounting.
Starting a business in a "hot" industry ensures success	"Hot" industries attract well-funded, talented and experienced competition. By the time it is "hot," the competition is intense.
If you have a great idea or product, success is assured.	There are thousands of great ideas and products vying for the same opportunities that you will be working toward.
You can become an overnight success.	You can... but more likely success or failure may follow years of effort.
You need a large nest egg to start a business.	Some amount of funding is required for all businesses. That amount varies tremendously based upon the complexity of the product and operations required to bring that product to market. Many businesses are started with relatively small sums of money and grow over time based upon the business success.
Reproduced with permission from Bucci, M. (2011) <i>Start Living the American Dream</i> .	

# What Does It Take To Be An Entrepreneur?

by Robin Smith, Business Ownership Coach at The Entrepreneur's Source

So you have a great idea for a product (or service) and you think you're ready to take the leap into business ownership? Many people think that having that great idea is what is going to make them a successful business owner. That is just what it takes to get into the game. Being successful at the game of entrepreneurship takes a whole lot more: skills, financial and emotional wherewithal.

## Skills

As I said, having a great idea is where it all begins. Now you have to be able to sell and market that idea, otherwise you won't have any customers. Do you have the skills to sell and market a product or service? If not, how do you plan to attract customers? This skill is one that people often think they can just hire a fully commissioned sales person to handle. While that may be possible, really good sales people are often hard to find and you may not be able to afford them in the beginning.

Next you have to be able to reliably produce and deliver that idea; otherwise you won't keep those customers. This will likely include everything from determining the pricing of your product to changing the toner in the copier. Being able to dance between strategic to tactical to administrative issues is one of the great challenges of being an entrepreneur.

Lastly, but most importantly, you have to be able to keep up with the ever changing consumer, regulatory and economic dynamics...all of the things which are going to impact your business on a daily business.

Oh, by the way, you need to juggle all of this at the same time! (A must-read for all would be entrepreneurs: *The E-Myth*, by Michael Gerber.)

## Finances

If you've been thinking about entrepreneurship for a while, then you've already heard this from everyone you talk to: It is going to take cash to get started and probably more than you think. You will need to think about where you will be able to get the money to get started. Even if you can secure bank funding, you will absolutely have to put some of your own money into the project; the amount will vary from 20-100% of the start-up costs. Beyond the initial start-up costs, also consider how much it will cost you to run the business until you start bringing in enough cash to cover your costs. Last but definitely not least, you should know how long you can go without personally taking a salary. You should also know the absolute minimum amount of income you can live off of. As you consider starting the business, think through the financial implications of your best case, worst case and most likely case scenario.

## Emotional

Entrepreneurship is a wild ride of emotional highs and lows. I was with a friend who is a local entrepreneur one evening as he described with excitement how great things were going. In the middle of the conversation, his cell phone rang; the deal he thought was sealed had just crumbled. He looked at me and said "This is entrepreneurship. Things change from minute to minute." As an entrepreneur, you have to be able to manage your own emotions and not be subject to the winds of every win or disappointment. You need to remember that your mood will be caught by the team of people who support you, whether they are employees or your family. The emotional wherewithal you show will give those around you the confidence to do their jobs...which is what you are going to need to be successful.

So as you embark on your entrepreneurial journey, be ready for one of the most challenging and rewarding experiences of your life. There is no guidebook for how to navigate through it, since every journey is completely different. You'll need to write your own...and this hand book will give you some great sign posts to help guide you!

## Recommended Resources

*The Psychology of Entrepreneurship* by Baum, Frese, and Baron.

*The Entrepreneurial Mindset* by McGrath.

## The personality characteristics related to business creation and success\*

Characteristics	Business Creation	Business Success
Individuals' need for achievement	X	X
Innovativeness	X	X
General self-efficacy	X	X
Stress tolerance	X	X
Need for autonomy	X	X
Internal locus of control	X	X
Risk taking	X	
Extraversion	X	X
Openness to new experience	X	X
Emotional stability	X	X
Conscientiousness	X	X
Proactive Personality		X

\* Rausch, A., & Frese, M. (2007). Let's put the person back into entrepreneurship research: A meta-analysis on the relationship between business owner's personality traits, business creation, and success. *European Journal of Work and Organizational Psychology*, 16, 353-385.

\* Zhao, H. Siebert, S. E., & Lumpkin, G. T. (2010). The relationship of personality to entrepreneurial intentions and performance: A meta-analytic review. *Journal of Management*, 36, 381-404.

## Did You Know?

In Virginia, there are 30 publicly-funded and nonprofit small business incubators.

[www.vbia.org](http://www.vbia.org)





We **license** and **certify**  
over 300,000 individuals  
and businesses.



Department of Professional and Occupational Regulation

*It's your business to succeed.  
It's our business to make it happen.*

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**[dpor.virginia.gov](http://dpor.virginia.gov)**

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# Recognizing and Assessing Opportunities

by Jeffrey Pollack, Assistant Professor of Management at University of Richmond

*While deals often fail in practice, they never fail in projections.*

—Warren Buffett, Chairman's Letter to stockholders of Berkshire Hathaway, Inc. (1983)

So, you have an idea for a business—congrats! Now the hard work begins. The typical process through which businesses evolve starts with idea generation, proceeds through an evaluation stage and then onto execution (as shown below in Figure 1). This process can generally be grouped into two phases: (1) research, and (2) implementation (see Figure 1 below). Within the research phase, three main tasks await your attention: idea generation, developing the conceptual sketch, designing the business model. Within the implementation phase, tasks include getting feedback on the pitch, planning, and acting.

This overview solely focuses on the research phase and the tasks of idea generation, developing the conceptual sketch, designing the business model. As an example, imagine that you've got your idea (e.g., start a landscaping company). Now, your goal should be to come up with a conceptual sketch of what the business would do (e.g., provide residential landscaping services in Richmond, VA to homeowners in the area codes of 23225, 23226, and 23229). Once you have the conceptual sketch down, think through what the business model will look like. For instance, who will the clients be (e.g., how many are there?). What services will you provide (e.g., moving, weeding, bed installation, gutter cleaning)? Who will do the work (e.g., you, or

a crew you hire, or other)? How will you get paid (e.g., sales cycle, cash, check, credit card, monthly billing, annual contracts)?

Answering the questions above will take time and effort—and, some research. Here are the broad categories to consider when evaluating business ideas (from Barringer, 2009).

## Strength of the business idea

Consider whether your business solves a problem and/or addresses some type of gap in the marketplace. Consider the extent to which you (the business) can add value for the customer (e.g., are you asking people to change a behavior and/or adopt something new—or are you simply offering them a better alternative to supplement something they already do?)

## Industry-related issues

Consider the industry you are entering (e.g., is it competitive, are there lots of other companies doing what you do?). Is the growth rate of the industry positive? What are typical margins (e.g., operating margins)? Are there any barriers to entry for what you are going to do (e.g., high costs, patents, skilled labor needed, permits)?

## Target market and customer-related issues

Consider the size of the target market (e.g., how many customers are there for what you offer? Will that market grow? Are these people easy to contact (e.g., can you email them all)? Do people in this target market have the funds to spend on your product/service?

## Founder-related issues

Consider your own strengths and weaknesses. What do you do well, and what do you not do well? Do you have the “right” contacts in the industry and the target customer market to execute the business model? What is the likelihood of your team (or just you) having the ability to launch and succeed?

## Financial issues

Consider the worst-case scenario. What if your business makes no profit (or loses money) in the first 3 of 5 years? Do you have the resources to make it through? How much capital do you need to start the business (be conservative in projections).

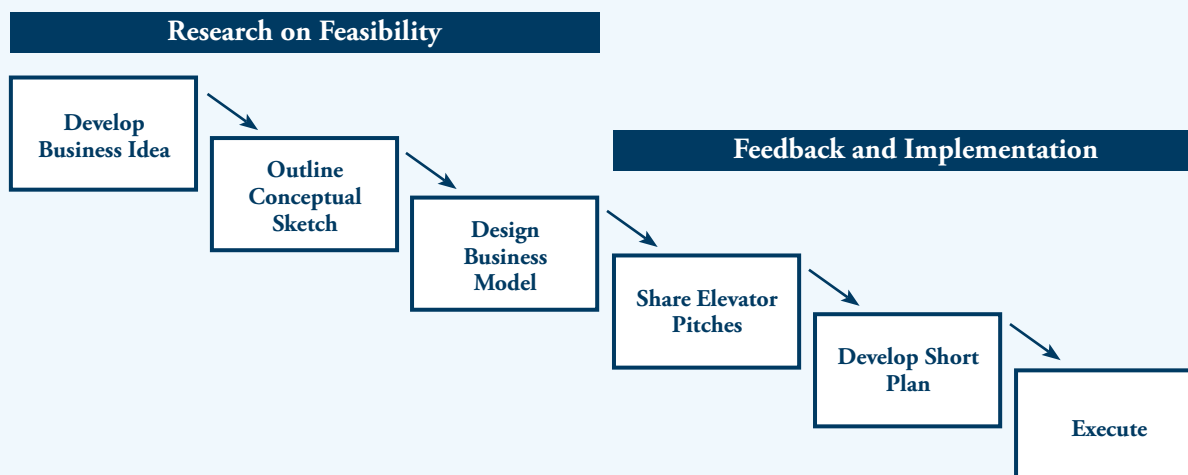
## Summary

If you are able to answer the questions above to your satisfaction, then congratulations! You may have a good idea! Next steps...Once you have thought through the business model, then it is time to create and share a 60 second elevator pitch with friends, family, and mentors (i.e., what you would tell someone in a short ride up or down in an elevator about your idea/research). Choose wisely—find people who are comfortable giving you candid, honest, and potentially critical feedback. Once you've shared your idea with 5-10 people, if you are still enthusiastic, then draft a very short (dehydrated down to 5 pages) business plan and get started!

## Recommended Resources

Barringer, B. R. (2009). *Preparing effective business plans: An entrepreneurial approach*. Upper Saddle River, NJ: Pearson Education, Inc.

Figure 1. Sketch of process of business idea generation





# Your Value Proposition and Customer

by Bill Keeler, Owner/Business Coach at AdviCoach

If you're like almost every small business owner who ever started a business, you did so because you thought you had a product or service to offer that was so good, or delivered by you or your team so well...that people would love it and buy it! That's a great start, but unfortunately it's also where most people stop in their consideration of what will make them successful. It's true that for your business to win big you must have, among other things, a really good product. The better your product or service, the more your business can succeed. The problem is...NOBODY has any objectivity as to the value of their offering. Everyone thinks their product is not only great, but the best! Think about it this way...do you know anyone who doesn't think their baby is absolutely the most beautiful baby in the world???

Because of this objectivity blind spot, small business owners don't go deep in figuring out how they're special and valuable to their customers. The Unique Value Proposition is the surest way to give your small business the best opportunity to succeed by defining your HOW, and it works by separating you from your competition on some aspect of your business that is truly valuable. This could be your actual product or service, or the manner in which it's delivered. It could be your price, but the danger there is that as soon as someone undercuts you, you are no longer unique! The important point is that if you really want sales, and loyal customers, and repeat customers, and loyal repeat customers...and you do...then you want to have a clear Unique Value Proposition. The catch is it can be difficult to come to, because it's a soul

searching exercise in discovery, vulnerability, and self awareness. And if it isn't, then you're not really getting to it. Here are a few things to keep in mind on your UVP discovery...

First, know who you are, and why you are really in business by understanding your company's purpose for existing. Hint...it's not to make decks, or sell shoes, or move any product. It's to deliver the emotional benefit that your customers receive when buying from you. You don't sell software, you sell more time and simplicity. You don't sell granite countertops, you help people love being at home. You don't sell marketing services, you help people get excited about something...your customers' products! Your Purpose is the reason why you're in the business you're in, and what you really deliver to your customers. Without identifying this first, you can't expect to deliver anything with authentic differentiation.

## Second, your UVP needs do three things:

1. It must be real! It's not about posturing for image, but has to be lived in every transaction. If you promise same day delivery, or fresh garlic imported from Italy...then every system you have must support that truth to as close to a 100% brand promise guarantee as possible.
2. Your UVP should be one that can't, or cannot easily, be replicated by a competitor...though if you cut into THEIR sales, they'll try!!! The harder you make it for your competition to copy, the stronger your sales will be. At the very least, you can always then claim to be "the first" at whatever UVP you offer.
3. It has to move a sufficient number of people to reach your goals. If your UVP is truly

unique, but nobody cares...it has no power, and you have no customers. So spend some time making sense of what the customers you want really want to spend money on...and match your UVP to those people. That's very different than just expecting people, all people, to like what you have and how you offer it.

That last point is a tricky one, because it requires you to be selective in whom you ask to be your customer, and usually, we want everyone to be our customer! Not only is it true that everyone is not your customer, but even people you think should be your customer will be someone else's because that competitor has a UVP that just fits them better. And that's ok...when yours is that clear, and it matters, you'll have all the really great business you can ever want!

## How do you come to such a self examination, and make it work? Start with two simple steps:

1. Analyze your strengths, weakness, opportunities and threats (commonly called a SWOT analysis). The internet is filled with how-to's on this common process. The key here is to discover, at a snapshot, what you're good at, and what you're not. Learn where there's opportunity for you to leverage your positives, and where negatives need to be improved, or discarded.
2. Survey your customers about what they really want...not just the easy stuff about the transaction, but what the product or service they are buying really means to them. Find out what they plan on doing on that deck, or why they have such fear about plumbers coming into their homes. Get to your customers' emotional wants and needs, and you'll be staring at the trigger of their buying decisions.

## Business Success Story: Romp n' Roll

Romp n' Roll, a growing chain of play-based education centers for kids, was founded in Richmond by parents Michael and Babz Barnett in 2004. At the time, Babz found herself running all over town to enroll their two children in a variety of gym, art, and music classes. In doing so, she saw the opportunity to create one center that offered all of those activities (and more) under one roof. Add enthusiastic instructors, a bright, clean facility with a whimsical design, and a convenient location and you have Romp n' Roll! The Barnett's opened the first location in Henrico County in the fall of 2004. When classes filled

almost immediately, they quickly opened a second location the following year. With two successful locations operating, the Barnett's decided to offer Romp n' Roll franchises and today there are 15 centers open in the U.S. and China with several in development in Korea.

According to Babz, the secret to turning her dream into a multi-million dollar international franchise is fairly simple. "We created Romp n' Roll from the perspective of what we wanted for our own children. We were confident that other parents would want the same." Michael added, "We have over 1000 different lesson plans so

a child can come to Romp n' Roll from the ages of 3 months to 5 years and never take the same class twice. We also put a lot of effort into finding great instructors and customer service staff to ensure that the parents and kids all have an awesome experience every time they walk through our doors."

The Barnett's plan to open several more locations in Virginia by 2013 and plan to continue focusing on international growth.

*For more information, contact Michael Barnett at [michael@rompnroll.com](mailto:michael@rompnroll.com).*

# Risks? What Risks? What Could Go Wrong?

by Jeffrey Pollack, Assistant Professor of Management at University of Richmond

A part of entrepreneurship is accepting the numerous risks associated with starting and running a business. These risks can be loosely grouped in three categories as shown below. Knowledge of these categories of risks can enable you to more effectively forecast areas where issues may arise and help you to avoid, and/or reduce, the impacts of these risks.

## Personal Risks

The personal risks you may face are daunting. Starting a new business comes first with the serious choice of: (a) leaving a position or career that might be more “stable” (or perceived more stable) because it is with a well-established company, or (b) passing over an alternative opportunity that is available (e.g., change job within same field, or move to new career path). The choice can affect your personal relationships (e.g., friends, family) as well as your co-workers at a job you chose (perhaps) to leave.

The risks, however, don't stop there. Once you've made the choice to start your own business, the long hours at the office (or in your home office/garage) can take their toll on your family and other relationships. Stress related to financial performance (lack of performance) can be disheartening. Be forewarned that without effective outlets of relief (e.g., exercise, talking, mentoring) the stress can be devastating.

*To mitigate these risks, have open and honest conversations with the special people in your life—show them how passionate you are and tell them you'll need their help to make this work. Set up contingency plans of how you'll react when stressful events happen. Have a plan in place to cope with setbacks and be able to allow time for a break from the day to day of the business. Know ahead, that how you handle your personal ties will be an essential element in allowing you to weather the tough times. Regarding the financial risk of starting a business—be aware that typically a business will not be profitable in 3 of the first 5 years of operation. Ask yourself if you have the resources (personal, financial, emotional) to make it.*

## Competition-Based Risks

The competition-based risks you may face relate, first, to the threats of new entrants (and existing companies) doing similar things to what you are doing.

Second, this category of risk encompasses the reality that your customers may discover alternative products or services. Finally, your business will be (or already is) likely dependent on suppliers/vendors for crucial goods and services—these companies have the power to impact your business in either a good or bad way. This is a serious consideration so having options in the way of alternate suppliers is a key factor.

*To identify these risks, conduct a thorough review of your business model (i.e., your path to money) to estimate which areas (perhaps some, or all) will be most crucial to consider. Ideally, your business has limited (very few) competitive risks (e.g., dependent on very few suppliers, barriers to entry are high). If your business is susceptible to many outside forces you may have difficulty competing in the marketplace, especially as a new start-up company.*

## Environment-Based Risks

Of the three categories of risk, this is the least controllable. Environment-based risk encompasses the political, monetary and regulatory environment in which you operate (e.g., laws that govern your industry, political elections, recession). This category of risk also includes the actual environment—i.e., is your business dependence on the weather (e.g., how would drought, rain, hurricanes, etc. affect your business).

*To mitigate these risks, diversify your business in terms of customers, suppliers, and financiers. Make sure that if the worst political and/or monetary scenarios come to pass that you have the resources to make it through a tough few years. Be aware of any elections coming up that could influence your industry and question whether the monetary climate affects your (potential) sales. Take into consideration whether your product/service is a luxury item or is it something everyone needs (neither is necessarily better—however, knowledge of which it is can help make you aware of potential risks).*

## Business Success Story: Ramirez Construction

Ramirez Contracting is a certified DBE/MBE company that provides services for infrastructure and road construction projects in central and southwest Virginia. Eddie Ramirez founded the company in 2006. After ten years in corporate America, he and his wife left Atlanta and returned to her roots in Abingdon, Virginia, where the company is now based.

Ramirez has invested heavily in his business. The company has a fleet of late model equipment and trucks; they've purchased equipment to start a pipe bursting operation and have secured the necessary permits and equipment to build a state of the art asphalt plant to service the southwest Virginia market. Eddie Ramirez made a conscious decision to invest in people by hiring experienced supervisors and paying them well. The company's 15 employees share his commitment to success.

Although success has not come easy, Ramirez Contracting has been involved in projects including installing water, sewer and storm drains on the Virginia Tech ICTAS II building project, CSAT building at the James Madison University Campus, and storm drain work in two large VDOT projects. Eddie Ramirez attributes the success in large part because of two aspects of the business start-up process. First was to research and understand the market needs and carving a piece of the business where a need is underserved and you have the capacity to step in and serve and exceed expectations. Second was involvement in the business community to get the recognition by business peers who may not otherwise have an opportunity to be exposed to your business and expertise.

## Did You Know?

In Virginia, there are 29 Small Business Development Centers (SBDC) to support start up and operations of small businesses.  
[www.virginiاسبdc.org](http://www.virginiاسبdc.org)





# Business Model and Business Planning

by Mark Deutsch, CEO at Mark M. Deutsch, LLC

Do you really need to write a business plan?  
The short answer is yes.

The process of writing a business plan can increase your likelihood of success as a small business owner/entrepreneur. Your business plan serves as a roadmap for your venture when you're starting out and writing your business plan also forces you to think about your business objectively. When you're done, you will have a more realistic idea of the effort it will require and whether it's a venture you want to pursue at this time. Your business plan is also considered a "living document" and it should be reviewed and revised as needed on an annual basis, at the least.

Business plan lengths vary, depending on the proposed use. Plans submitted for loan applications at banks can range from 10-40 pages. Plans for internal use and/or strategic planning may be much shorter. Overall, it is the process of sitting down and writing out a business plan that could spark your creativity and lead you to new business strategies you may not have considered previously. You'll also find that having your business goals written down enables you to refer to them at any time. This will help ensure you don't lose sight of your original focus once you do start your business.

While there is no single formula for developing a business plan, some elements are consistent throughout all business plans. Here's what your business plan should address: Executive Summary (Overview), Problem/Opportunity, Sales and Marketing, Competition, Competitive Advantages, Business Model, Forecast, and Team.

## Recommended Resources

*The Art of the Start: The Time-Tested, Battle-Hardened Guide for Anyone Starting Anything* by Guy Kawasaki .

*The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses* by Eric Ries .

*Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers* by Alexander Osterwalder .

### Executive Summary

Focus on the executive summary. The executive summary is the most important part of a business plan. If it isn't fantastic, people won't read beyond it. You should explain what your business does in a clear, concise and compelling manner. Explain what makes your company different and describe your competitive advantage. Explain your current status, milestones reached, and milestones soon to be achieved. Your plan is going to live or die based on this section.

### Problem/Opportunity

The purpose of this section is to clearly illustrate either the pain that you relieve or the opportunity that you enable people to tap. Your reader wants to know just how big of a market exists for what you or your business would like to do.

### Sales and Marketing

This section explains how you're taking your product to market—particularly during the introduction phase. Nebulous concepts, such as "we'll use viral marketing" is an insult to the reader's intelligence. Going viral is an outcome, not a strategy.

### Competition

There are two goals for this section. First, to provide an overview of what competition your company faces. Readers truly want to know what you will be up against. Second, to build credibility by showing that you are aware of all the major competitors and understand how to do battle with them. The best case for this section is that you create a chart that shows what you can do and your competition can't. Finish off by showing tactical ways to defeat the competition.

### Competitive Advantages

This section has to answer the very simple question: "Why you?" In other words, what makes your company so special that you will succeed where others will fail?

### Business Model

Explain exactly how you're going to make money in this section. What compelling reason exists for people to give you money? There are a limited number of options here, and you shouldn't try to

invent a brand-new business model. You may not know how you will generate revenue. That's okay. Take your best shot based on your marketing and sales strategy and what other successful companies have done. The key to this section is simplicity: show that you rely on simple, proven business models, not a new technique that has never been done before.

### Forecast

You should concentrate on the reasonableness of the assumptions behind your business model and forecasts. The financial forecasts should be developed after you've analyzed the market and set clear objectives. You should prepare some detailed financials, including: an income statement (profit and loss), cash flow statement, and a balance sheet for the next three years.

### Team

This section describes your management team and staff and how your business ownership is structured. People reading your business plan will be looking to see not only who's on your management team but how the skills of your management and staff will contribute to the bottom line.

Finally, you should also get several business people whom you respect and trust to review your plan. Preferably people in your industry or people with specialties who can provide input on different aspects of your business (like a marketing specialist to assess your marketing plan or an accountant to assess your financial plan). People in your industry have done it before and can help you see if what you are planning seems realistic or not.

One of the most important assessments others will make about you is whether or not you really understand your business and whether or not you know how to prioritize. You don't want to look like someone who is just filling out a template.

Creating a business plan will help you achieve your entrepreneurial goals. A clear and compelling business plan is necessary to build a successful enterprise that delivers profits and satisfaction to each owner, and it will serve as your GPS to keep you on the road to success.



For emerging companies, established firms, or aspiring entrepreneurs, the Virginia Small Business Development Centers (SBDC) is where business comes to talk business. There are 29 local centers throughout Virginia to help businesses in their own communities.

Counseling, training, and information resources are the hallmarks of the SBDC program. Most services are free and all SBDC services are confidential.

Business owners can get assistance in a variety of areas including:

- ◆ Accounting and Recordkeeping
- ◆ Business Planning
- ◆ Cash Flow Management
- ◆ Export Assistance
- ◆ Financing Sources
- ◆ Government Procurement
- ◆ Licensing and Regulation Information
- ◆ Marketing
- ◆ Personnel Management
- ◆ Retail and Restaurant Management
- ◆ Social Media

[www.VirginiaSBDC.org](http://www.VirginiaSBDC.org)



Mason Enterprise Center

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# Business Establishment Activities/Starting A Business

by Sean Murphy, Attorney at PennStuart and Michael Bucci, President of K & M of VA, Inc.

Starting a business can be a risky undertaking, but if you take the right steps and talk to the right people you can manage the risks. Many of these conversations and activities are not extremely glamorous but taking time up front to address them properly may save significant efforts and expense in the future. It is often beneficial to seek the experience and expertise of service providers that you will need, current business owners and other business resources available through private and public sources.

There are several activities that every business must engage in to legally do business. This includes determining and establishing a legal entity, purchasing appropriate insurance, acquiring appropriate licenses and acquiring an EIN for your business (explained herein).

In determining your legal entity it can be extremely beneficial to meet up with both an attorney and an accountant who frequently work with small businesses. You may want to talk to other small business owners in the community for references, but The Virginia State Bar and Better Business Bureau of Virginia are two excellent resources you can use to try to find the professional that can best assist you in your new adventure. These people can help you to protect your exposure and in turn limit your liability. However, once you decide to meet with these people you should come prepared. As an entrepreneur, you will have a grasp on your goals

and your concerns. The chart at the bottom highlights many of the core questions that you will need to answer. In these discussions it is important to understand three things:

1. Each business and personal situation may drive a specific “right” answer for your legal entity.
2. Your business needs may drive the need to change your legal structure in the future.
3. There is no perfect answer. There are often trade-offs between the various legal entity structures.

In addition to registering your business, you will likely need to secure one or more business licenses. Each city or county may require a local business license and/or zoning permits so it is very appropriate to contact your local government’s Commissioner of Revenue or Department of Finance to determine business licensing requirements, as well as, the Zoning Office to determine requirements that they may have.

Beyond obtaining your general business licenses, your specific line of business may require additional licenses. In Virginia, there are over 80 professions that require these licenses to ensure that your skills and knowledge meet set expectations. The Virginia Business One Stop has the appropriate links to enable you to determine if this applies to your business.

If your business is one that will be charging and collecting sales tax, you will need to register with the Virginia Department of Taxation to report and pay that sales tax to the government each month.

Like most other areas in life, having appropriate insurance for your business is a critical activity to protect yourself. There are many types of insurance for your business to cover different aspects of your business. Some will be required while the choice to purchase other will be your decision. It is appropriate for you to contact a business insurance provider to discuss your specific needs and ensure that you have sufficient coverage to protect yourself and your business.

An Employer Identification Number (EIN) is also known as a Federal Tax Identification Number, and is used to identify a business entity. Generally, businesses need an EIN. You may apply for an EIN in various ways, and now you may apply online at [IRS.gov](http://IRS.gov). This is a free service offered by the Internal Revenue Service.

While none of these activities are the exciting part of owning and running your business, taking some time up front to get them right generally pays off in the long run. Once established, most of these items will need to be addressed on a periodic basis (eg., annually) or when your business conditions significantly change.

## Preparation Questions for Meeting with Attorneys and Accountants

Question to answer:	Why this matters:
What type of business do you want to start?	The activities of the business can drive specific decisions for including legal entity structure, accounting approaches, licensing and other considerations.
Is your business “for profit” or “not for profit”?	If your business for profit, the owners control the business and can reap the financial benefits. If it is a “non-profit”, you will need a Board of Directors to control the organization and the purpose is to help and/or enhance the community. However, it is essential that you speak to an attorney and an accountant, as there are many pitfalls and regulations.
Who will be your registered agent?	This can be a Virginia attorney who will be served with any legal documents and SCC filing documents. Be advised that a corporation CANNOT represent itself in court. It must have an attorney as a conduit to legal proceedings.
Do you need a license or permits to conduct the business?	You may be required to have a local license and/or a state license, especially if you intend to provide professional services. In addition, you need to make sure that no zoning restrictions exist on the location where you intend to do business. For more information, check out the Business One Stop: <a href="http://www.BOS.Virginia.gov">www.BOS.Virginia.gov</a> .
Who will own and control the company?	This may seem like a small detail, but if your goal is to make your company profitable, then you should address the control aspect upfront, before the value of that control comes into play.
What do you want to call your business?	A number of small businesses operate their businesses under their personal name. However, if you want a more professional image you might want to select a business trade name that reflects the purpose of your business. Beyond needing a distinct name for registering your business, you may want to consider a name that will work as a website. In addition to a general web search, you will need to perform an entity search at the state corporation commission to ensure that you can maximize the leverage that you get from your businesses name.



# Legal Protections: NDA, Patent, etc

by Brian Teague, Patent Attorney at Patent Law of Virginia, PLLC

Intellectual Property (IP) is a legal property right, defensible in a court of law, that covers inventions, branding, and other creations of the mind. Before starting a new business, product, or service, you should consider whether your business, product, or service involves IP; whether that IP can be protected, and whether it is worthwhile (commercially and financially) to try to protect it. In the US, IP broadly encompasses patents, trademarks/service marks, copyrights, and trade secrets. Other countries may also recognize industrial design rights. In addition to protecting your IP, you should also be careful not to infringe on someone else's IP.

IP is a complex topic and the following is a brief introduction to various areas of the law. An experienced IP attorney can elaborate on, and assist you with, the following issues:

## Ownership

It is important that you determine who owns the IP related to your business. Ownership may vary based on who created the IP and the status of that person. Did you personally create the IP? Your business partner? An employee? A contractor? It may be desirable to have all IP rights assigned to the business, especially if two or more people were involved in creating the IP—then the corporate governance documents can dictate what happens to the IP if the business later dissolves. Have your employees and/or contractors sign an IP agreement upon hiring and have them sign an assignment to transfer the rights to any specific IP they have created.

## Non-Disclosure Agreements

If you need to discuss your new product or service with anyone prior to launch, have that person sign a non-disclosure agreement (NDA). If a contractor will not sign an NDA, find another contractor. This step is particularly important if you are considering seeking patent protection in order to prevent inadvertent public disclosure of your invention.

## Patents

A patent provides the right to exclude others from making, using, selling, offering to sell, or importing an invention for a limited period of time in exchange for publicly disclosing the invention. There are three types of patents available in the US—utility, design and plant—with the most common being a utility patent which protects processes, machines, manufactures, or compositions of matter.

Obtaining a utility patent is typically a lengthy and expensive undertaking, but a strong patent can provide years of protection from competitors.

A provisional application is an optional, less expensive first step toward obtaining a utility patent. A provisional patent application establishes a filing date and grants “patent pending” status. But a provisional patent application lasts for only one year and will never mature into an issued patent unless you file a non-provisional utility patent application within that one year.

Current US patent law provides a one year grace period for filing a patent application after the invention has been publicly disclosed, sold, offered for sale, or used. However, with pending changes to US law, and in light of the laws of most other countries, you should generally have a patent application on file somewhere in the world before the invention has been publicly disclosed, sold, offered for sale, or used if you want to be able to get a patent.

## Trademarks

A trademark (or service mark) is a word, phrase, symbol or design, or a combination thereof, that identifies and distinguishes the source of your product/service from those of others. Your company name and logo and your product/service name and logo may be protectable trademarks. Names that are generic or merely descriptive of the product/service are not protectable as trademarks, but such generic/descriptive names let your potential customers readily know what kinds of products/services you offer. Suggestive, arbitrary, or fanciful names are typically protectable as trademarks, but require that you educate your potential customers as to what kinds of products/services you offer. So there is a tradeoff you must make when naming your company or product/service between a name that provides strong trademark protection and a name that unambiguously identifies your product/service.

You establish some trademark protection simply by selling your product/service using your mark, but this “common law” protection is geographically limited. Filing for federal registration of your trademark provides nationwide protection and additional legal rights. Trademark protection generally prevents someone from using a trademark which is identical or confusingly similar to your

trademark in relation to products/services which are similar to your products/services.

## Copyrights

Copyright protects original works of authorship for a limited (although quite long) period of time and provides several exclusive rights, such as the right to reproduce the copyrighted work, to prepare derivative works based upon the work, and to distribute copies of the work to the public. Copyright protects things like books, music, photos, software code, movies, and architectural works.

Copyright automatically exists once your idea has been reduced to a tangible form. Registration of the work with the US Copyright Office is optional but recommended, as registration provides important legal benefits.

It is a good idea to put a copyright notice on your work, although not required. Providing notice of the copyright involves marking your work with the copyright symbol (©), the year of first publication, and the author's or owner's name.

## Recommended Resources

The websites of the US Patent and Trademark Office ([www.uspto.gov](http://www.uspto.gov)) and the US Copyright Office ([www.copyright.gov](http://www.copyright.gov)) provide a great deal of useful information about protecting your inventions, trademarks, and works of authorship.

Inventor groups provide education and support to help inventors protect and commercialize their IP. There are four inventor groups in Virginia: BlueRidge Inventors Club in Charlottesville ([blueridgeinventorsclub.org](http://blueridgeinventorsclub.org)); Inventors Network of the Capital Area ([www.dcinventors.org](http://www.dcinventors.org)); Virginia Innovators Network in Richmond ([www.vainnovators.org](http://www.vainnovators.org)); and Virginia Inventors Forum in Williamsburg ([www.virginiainventors.org](http://www.virginiainventors.org)).

Some invention promotion companies offer services to inventors that may be overpriced and of dubious value. The Federal Trade Commission website ([www.ftc.gov](http://www.ftc.gov)) and search on “invention promotion”) or the US Patent and Trademark Office website ([www.uspto.gov](http://www.uspto.gov)) and search on “scam prevention”) provide advice and guidance on working with invention promotion companies, including the information that such firms are required by law to disclose to you.

# Taxation and Small Business

Virginia's pro-business climate includes a moderate, stable tax environment with tax credits and exemptions to assist businesses in reducing the costs of opening or expanding a business facility within the Commonwealth.

Below is a chart of tax structures of surrounding states which clearly shows Virginia as the leader in moderate taxes for both businesses and individuals. Virginia has the lowest corporate income tax rate of surrounding states and does NOT have any franchise tax. Virginia's corporate tax rate has been consistent at 6% since 1972, and generally conforms to the Internal Revenue Service tax laws. Virginia is proactive at offering incentives and tax credits that take into consideration the current economy and business climate.

Conformity with IRS and the consistent state tax rate makes Virginia tax planning and the preparation of state income taxes relatively easy. Virginia does not tax worldwide profits and Virginia's apportionment factors for a multi-state corporation are generally favorable.

Virginia currently has numerous tax credits available for new and expanding companies. The Virginia Economic Development Partnership has prepared a comprehensive guide "2011-12 Virginia Guide to Business Incentives" that outlines the numerous incentives and tax credits available for businesses doing business in Virginia including incentives for job creation, facility

expansion, worker retraining, research and development and more. The Commonwealth has numerous work zones that allow special incentives – Enterprise Zones, Foreign Trade Zones and Technology Zones. This guide does an excellent job of detailing the benefits that are available if you locate your operation in one of these zones.

The Virginia Department of Taxation has implemented an "Live Chat" system that expedites getting answers to your tax questions without being put on telephonic hold. For those of us that multitask, this has been a beneficial tool and gives you a written record of your question and corresponding response.

The Virginia "Business One Stop" website and personnel are great at assisting someone considering starting their own business and getting them headed in the right direction for success or assisting existing businesses with

questions and guidance – tax or otherwise. They respond quickly to inquiries and have a "can-do" attitude.

While a new business owner should inquire with their local community on business licenses and personal property taxes, some other states have local income taxes in addition to state taxes. Payroll taxes in Virginia include withholding and state unemployment taxes; however, whoever is filing your federal taxes can easily file these forms in conjunction with your federal requirements. Sales tax, if applicable, is remitted monthly, with a discount incentive if you file timely by the 20th of the month following the reporting month.

While the average individual cringes when they hear the word "taxes", in the overall scheme of operating a business, Virginia's tax system is predictable, uncomplicated and compliance is relatively easy.

2012 rates*	Virginia	DC	DE	MD	NC	TN	WV
Corporate Income Tax	6%	9.975%	8.70%	8.25%	6.9%	6.50%	7.75%
Personal Income Tax	2-5.75%	4-8.95%	2.2-6.75%	2-5.5%	6-7.75%	6% int & div only	3-6.5%
Franchise Tax	N/A	N/A	Yes	N/A	Yes	Yes	Yes
Motor Vehicle Fuel Sales Tax per Gal.	19.7	23.5	23	23.5	32.8	21.4	32.2

*\*This chart is prepared for reference only and the user should consult each state regulatory guidance for state specific deductions, exemptions, additions, etc.*

## Stay on top of taxation requirements

The Virginia Department of Taxation is prepared to help you file and pay for all necessary business taxes. The department's website makes it easy for businesses to file taxes, register, and access return and payment records. Download "Tax Facts" under the website's Publications section to get detailed information on Virginia's tax laws.

### Federal taxes

- Obtain a federal tax identification number, known as an Employer Identification Number (EIN), to register with the IRS. Most businesses require this. You can apply online at [www.irs.gov/smallbiz](http://www.irs.gov/smallbiz) or call (800) 829-4933.
- The Federal Income Tax depends on the legal form of business. Sole proprietorships use IRS Form Schedule C along with their personal income tax form. Partnerships must file a U.S. Return of Partnership Income return, and corporations must file a U.S. Corporation Income Tax Return.
- The IRS offers a detailed guide on tax requirements for small businesses.

### State taxes

- You must register your new business with the Virginia Department of Taxation. Most new businesses registering with the state now use the department's online registration system at [www.tax.virginia](http://www.tax.virginia).

gov. This site allows users to register with both Department of Taxation and Virginia Employment Commission at the same time.

- The sales and use tax in Virginia is 5%. Of this, 4% goes to the state and 1% percent goes to localities. It is applicable to all retail sales or receipts from leases of tangible personal property.
- Corporate income tax is required for corporations registered with the State Corporation Commission. The corporate income tax rate is 6 percent of the company's federal taxable income. However, the state has many tax credits, such as those for the creation of new jobs, expenses for on-site daycare, and costs associated with job retraining.
- If employers are required to withhold taxes under federal law, Virginia withholding tax is also required.
- There are many other state taxes that can apply to your business, such as aircraft sales and use, cigarette, beer and wine, and tire

taxes. Check out the "Tax Facts" publication online for further information.

- Make sure you visit the department's website to see if any tax deductions are applicable to your business. Also, the site will highlight the General Assembly's most recent changes to the tax code.

### Local taxes

- A number of local taxes will apply to your business as well. Make sure you contact your local government for information. Local taxes often include business tax, real estate tax, machinery and tools, and tangible personal property tax. Some localities also have additional sales tax rates, and some levy a consumer's tax on utility purchases.
- In Virginia, counties and cities are separate taxing entities. Check with your locality for details on taxes.
- Depending on a business' location, a company will pay either county or city taxes.

# Seeking Money for Your Business

by Mike McGinley, Managing Partner at New Dominion Angels  
and Jeff Mitchell, Attorney at LeClairRyan

## Start-Up Funding For New Businesses

The typical new business in the United States is started with less than \$25,000 of capital usually belonging to the founder, or financed from bank loans guaranteed by the founder. The majority of new business owners use personal assets (e.g., savings, credit cards) to fund most start-up expenses with the intention of bootstrapping their way to a point at which the business is revenue positive.

Insufficient capital is the number one reason businesses fail—when the money runs out, the game is over. So, the “game” is how to prolong the “life expectancy” of your business by minimizing expenses and maximizing free cash flow. Typical start-up expenses fall into two categories: 1) revenue producing, and 2) non-revenue producing. This is a simplification—however, it is a useful tool. As a new business owner, it is tempting to get an office, pay for new furniture, get glossy business cards made, have a website made. This is not the way to proceed. Unless those items are absolutely necessary, then do not spend money there. Spend money only on those activities which have the potential to generate revenue. Once you are generating thousands of dollars in discretionary cash flow (once all expenses are paid), then consider optional items.

## Self-Funding Your Business

### Your Savings

As mentioned, most businesses start by using the founder's funds. Consider savings and checking accounts first. Consider stocks and funds in IRA's and 401k's (or similar) last—and, only use these options after carefully discussing the implications with trusted (and knowledgeable) financial advisors.

### Family and Friends

If your family members and friends are willing to invest some money into your business, you can do this without much paperwork or legal concerns. However, consider what will happen to these relationships if you are late or unable to repay them.

### Crowdfunding

A growing trend in raising money is crowdfunding. This process has advantages and disadvantages, but sites such as [indiegogo.com](http://indiegogo.com), [kickstarter.com](http://kickstarter.com), and [rockethub.com](http://rockethub.com) have helped people raise tons of money. Do the research and it may be suitable for your idea.

### Credit cards

If you choose this route, make sure you find low-interest credit cards and become familiar with the terms of each card.

### Home equity and/or Lines of Credit

This may seem risky, but it's an easy way to raise thousands of dollars quickly.

## Externally Funding Your Business

### Debt financing

Under this type of financing, loans are repaid over a set time period with interest. Under these loans, business owners do not give up any ownership of their company. Loans often are considered short term, less than a year, or long term with a repayment period of up to seven years. You need to prove to lenders that you have a solid business plan and a detailed outline of anticipated expenses needed to get your business off the ground and keep it running.

### State and Government Resources

Multiple options for funding exist through Virginia and the U.S government. For resources in Virginia see the Virginia Small Business Financing Authority (For more information visit [www.dba.virginia.gov/vsbfa.shtml](http://www.dba.virginia.gov/vsbfa.shtml) or call (804) 371-0438. Through the U.S. Small Business Administration, multiple types of loans are available. See [www.sba.gov](http://www.sba.gov).

### Equity Investments

If you are willing to give up some ownership and voting rights in exchange for quick cash, equity financing could be for you. Keep in mind, however, that most venture capitalists and angel investors are looking for a high rate of return. Appealing to these investors will be different than appealing to a bank. Both a bank and an angel investor will want copies of basic legal and organizational documents, financial statements and tax returns. The loan officer at a bank will mostly be interested in the cash flow of your business model to ensure it generates enough revenue to pay back the loan. But angel investors and venture capitalists will be more interested in the growth potential of your business. Equity investors will spend more time reviewing your projections and strategic options than your historical financial information. Angel investors also are more willing to wait — often five to 10 years — for a return on their investment.

## Talking to Investors: Helpful Hints

**Get your house in order.** Before you start considering seeking outside investors – whether from friends and family or from institutional investors – finalize all of your company's internal agreements. Finish your shareholders' agreement. Secure your intellectual property. Confirm your supply chain.

**Own your issues.** No investor wants to invest in your problems. If you know you have internal issues, fix them prior to seeking capital.

**Know your story.** Develop your plan. Prepare to defend your strategies. Make it clear you know something about your industry and your target market.

**Look for angel investors who know you or who know your target market.** Angels tend to invest in companies where they know the founders or they know the industry.

**Assess the Risk.** Be candid about the risk, as you see it, in your investment opportunity.

**Be more than a good idea.** The farther you are along the implementation curve the more successful your efforts will be. Have customers, have a product, and show initial results.

**Determine initial terms.** Angel investors rarely offer terms without first seeing what the founders believe their deal is worth. By preparing your initial term sheet, you start the conversation.

**Don't Be A Difficult Founder.** Arguments with potential investors over valuation and investor rights often scare potential investors away from the deal. Be careful the battles you pick.

**Be patient.** Angels sometimes take time to “come around.” Don't panic and scare them away. Your crisis is not their problem.

**Identify Exit Strategy.** Have clear conversations with the investors and understand their exit expectations. What is their timeline? What is their expected return on investment?

## Recommended Resources

Godin, S. (1998). *The Bootstrapper's Bible. How To Start And Build A Business With A Great A Great Idea And (Almost) No Money.*

Shane, S. (2008). *The Illusions of Entrepreneurship: The Costly Myths That Entrepreneurs, Investors, And Policy Makers Live By.*



# Securing Bank Financing

If you are feeling confident about the economy's bounce back and are now ready to make company-related improvements that were deferred during the recent recession, you may be considering seeking a loan from a bank. A request for a business loan requires supporting documentation that must be meticulously gathered and presented. Follow these five steps to help the process go more smoothly:

## 1. Determine your need

What is the money you acquire going to be used to do? Taking on debt can make good business sense in some cases.

Reasons for seeking a loan from a bank may include:

- Keep growth going. As sales pick up, you need your inventory and receivables to keep pace. Growth can stall if you have to turn down orders because of low inventory or a cyclical slowdown.
- Stay competitive. You may need to upgrade equipment or technology to reduce costs or to make your services or products more competitive.
- Reduce long-term costs. With real estate prices still depressed in many areas, you may be thinking, "Why rent when I can buy?"
- Get a better return on your cash. When you buy what you need with a small down payment, you may be able to preserve your cash for other uses.

## 2. Gather financial documents

You will likely be asked to provide two to three years of personal tax returns, business tax returns (if available), as well as a current personal financial statement. Review them with your accountant, so you are prepared to answer the lender's questions related to cash flow, expenses, and future projections.

## 3. Schedule an appointment with your business banker

Review your future business plans and your strengths and weaknesses with your business banker. If a weakness might hinder loan approval, your bank team may be able to help you strategize how to reduce or overcome it.

## 4. Explore loan types

Multiple types of loans exist—and, sometimes entrepreneurs request a particular type of loan when another one would better serve you. Be open to considering what would work best for you. Repayment terms and the length of the loan will ultimately be determined by the loan's purpose and dollar amount, your collateral and your company's cash flow.

## 5. Choose the right loan for you and submit the application

Consideration of your loan package, and a decision from a bank could take from 2 weeks to 2 months. Be patient and keep in touch with your business banker if you have questions.

## Potential Financial Needs

### Establishing Your Business

- Establishing legal entity
- Business licenses and permits
- Insurance

### Protecting Your Product and Business

- Non-disclosure agreement
- Patents
- Trademarks
- Copyrights

### Product/Service Development

- Research
- Engineering
- Prototyping
- Testing
- Packaging design

### Establishing Delivery Infrastructure

- Production/Suppliers
- Location of operations (Real Estate)
- Technology
- Staffing
- Professional services

### Marketing

- Website
- Event marketing
- Advertising
- Promotional materials

### Miscellaneous

- Office supplies
- Employee-related (amenities and benefits)

## What Can Help Get Your Loan Approved?

It may seem like loan applications ask for information that you don't need to include. As tempting as it may be to skip some sections, resist that impulse. In reviewing your loan request, a lender will look for answers to several questions, including:

### Can You Repay?

Underwriters will review your cash flow (personal and/or business) and other factors affecting your ability to repay. Two key ratios for current business owners are:

- EBITDA Debt Service Coverage: Earnings before interest, taxes, depreciation and amortization divided by the annual debt service on existing and new obligations.
- Leverage ratio: Liabilities divided by stockholder equity.

### Does Your Reason For Borrowing Make Sense?

Your lender may want to know what is happening in the business to drive your need to borrow (e.g., business start-up, growth). Also, is the type of financing requested a good fit for its purpose? Generally speaking, the loan term should be no longer than the useful life of the item (or service, etc.) purchased.

### Is Your Financial Situation Trending Positively?

Trends are important. By reviewing your personal and/or business tax returns for the past three years, a lender can see how you did at the start of the recession, what happened during its trough and how you're pulling out of it.

### Is Your Information Professionally Prepared?

This is where your accountant can add real value. By understanding lender underwriting techniques, they can anticipate how your loan request will be viewed and help develop supporting information — such as interim and pro forma financials — to make approval more likely. CPA-prepared information is a comfort factor for a lender, especially with larger loans. It's crucial to be open about your business and finances.

# Product Development

by Michael Bucci, President of K & M of VA, Inc.

If you are considering a business that offers unique products or services then you are faced with both the potential of greater rewards and the challenges of developing and selling your unique products and services. For brevity, the term product will be used in place of products and services in this section.

The appeal of your unique product is that it gives you the ability to differentiate yourself and your business from all of the common competitors. Depending upon the target market, there may be few alternatives to your offerings. This can put you at a tremendous advantage to any competitors and may allow you to receive price premiums and/or gain significant sales and market share.

There are definite risks to bringing unique products to market. Generally, these products require incremental investment to be developed. Additionally, there is no guarantee that your unique product will resonate for your customer base. Managing these risks starts with understanding your customer and the need of theirs that you are looking to address. To be successful in this, you need to be as clear as possible with defining your customer and customer need. For example, if your product is an alternative cuisine at a restaurant, your customer is someone who is looking to specifically for that type of food and should not be defined so broadly as someone who “wants something different to eat” since your option is one of many “different” alternatives.

When you have gotten clarity on the customer and customer needs that your business is targeting, your next challenge is to ensure that your product will meet those needs. One of the biggest challenges that you face is transforming your idea into a sellable product. If done poorly, your efforts may result in excessive money spent and time expended. You may believe that your product needs to do everything that customers want and that quality needs to be perfect in every way. However, what you need to do is understand if your unique product will resonate for customers, how much those customers will pay for it and how many of those paying customers exist.

To efficiently test your idea, you need to focus on developing a “sellable” product that tests customer reactions to your novel idea and enables you to begin generating revenue as quickly as

possible. Neither excessive features nor perfect quality are required to test consumer reactions and begin generating revenue. Based upon these customer reactions, you can take specific actions.

- If there is not a positive customer reaction to the product, you can choose to either stop pursuing this product or refine your product. If you choose to stop, then you have minimized your investment before determining that the idea was not viable. If you choose to proceed, you have direct information from potential customers to refine your product.
- If there is a positive customer reaction and sales ensue, you can begin to grow sales of the existing product and later look to enhance the product features or quality.

The biggest challenge you may face in product development is identifying “right” features for your product. This can be challenging since there is a tendency by many to offer more. This tendency, often referred to as “featuritis”, has several significant drawbacks.

The first drawback is that featuritis will drive higher costs for the product. These higher costs are the result of increased production complexity and effort, additional or unique materials and increased quality assurance challenges. This increased cost may result in customers rejecting the idea based solely upon that higher cost.

Beyond cost, featuritis reduces or eliminates the clarity in understanding if the customer is purchasing the product based upon the novel ideas or the many additional, non-novel features that exist in other products. While making those sales is good, the sale may be based upon convenience, salesmanship or other factors that will not be present when your product is sold through broader distribution. Additionally, when assessing your product, retailers will compare all of the features versus just the unique features and will realize that the existing product do most of the same things that your feature filled product does.

Lastly, excessive features can actually have a negative impact on the perception of the product. As discussed earlier, the intuitiveness of a product is one of the factors that influences customer’s decisions to try a novel product. The inclusion of excessive features may not be valuable to customers and can increase the difficulty in understanding the problem your

product solves or how to properly use all of the features included in the product.

One of the best approaches for avoiding featuritis is to refocus on your customer and their need that you are addressing. Once you have this focus, ask yourself which features of your product are absolutely necessary to meet those needs and which are “nice to have.” As an example, consider if your business is a specialty grocery store where customers shop for select, higher end groceries. In this situation, there is a common challenge between size of the store (which drives rent and other costs) and selection of products that are offered. While you might like to have a tremendous product offering, the size of your store will require you to cover more costs with your sales which may necessitate charging higher prices. For some products, your customers may not be willing to pay higher prices for a specialty product when a standard brand offering may suffice.

You should also list the negatives that may accompany your product. For instance, you may offer the largest variety of freshest fruits in your store. The challenge is that you will either have increased costs since you have to dispose of those fruits that aren’t the freshest (because you thought demand would be higher for them) or you will experience times when you run out of fruits (because demand was higher than you expected).

Your early focus with your unique product needs to stay on economically testing consumer response to that unique product.

## Did You Know?

**Virginia is the third ranked state for receiving Federal R&D funds.**



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# Ten Things Small Business Owners Should Know About Marketing

by Beth VanStory, Executive Consultant & Coach at Thinkout

An effective marketing strategy and plan will contain several elements, each of which is crucial to building your business. In the following discussion, for brevity, the word “product” is used to refer to both products and services. Let’s get started.

## 1. You must have a description of your product that differentiates it from your competitors.

Is it: more reliable, faster, easier to use, longer lasting, friendlier, more stylish? Find a point of differentiation to leverage: Examples: Bounty - “the quicker picker upper.” (point of difference - faster) Toyota pre-owned vehicles- “the best new cars make the best used cars” (point of difference - quality)

## 2. You must truly know your target market.

It’s not just that it’s women between 25 and 35 who have children. What is it that they have in common in terms of a need that your product solves? Example: Not your Daughter’s Jeans - for women who have curves and want jeans that fit.

## 3. Determine the size of this market.

You may have identified a great niche, but if it’s too small, you will not have a successful business. Use your business librarian at the library (yes, the library). Librarians today are experts at finding statistics online and helping you identify key industry associations and research companies that size markets. Just ask. You might be surprised. You can also find a lot of stats online yourself.

## 4. Know your competition.

If you think you don’t have any, you are wrong. Think about what your potential customers might buy with their money instead of your product.

Example: You are a massage therapist. Potential customer Mary spends \$500/year on “pampering.” She could spend that on massages, facials, manicure/pedicures, hair service, and more. Your job is to convince her to spend more of her “pampering walletshare” on massages with you.

Research and shop the competition. Ask people about them. Talk to customers if you can. What professional relationships do they have? How are they marketing? How are they pricing? Know what you are competing against.

## 5. Price your product appropriately.

If you price too low, you may project a lower quality image and leave money on the table. If you price too high, nobody may buy. Example: A champagne producer offered their product for \$8/bottle. Few people bought because really, who wants to drink \$8 champagne. They raised the price to \$20/bottle and doubled their sales volume. True story.

## 6. Have a clear messaging plan.

Understand what benefits are most important to your customers and consistently communicate them. Example: Nordstrom offers hassle free returns (message: better customer experience). Energizer batteries keep going and going and going (message: they last longer).

## 7. Build a promotional plan.

Utilize calendar software or a printed calendar and build an integrated plan across all mediums you choose to use. Building awareness is about reaching your target and reaching them multiple times (i.e. frequency).

Understand that not all media is appropriate for all businesses. TV and Radio may be prohibitively expensive and also might reach too many people who are not in your target. Online media may not reach enough people. Look at many channels. Think about what media your customers consume.

- What do they listen to (even if you don’t buy radio advertising, a channel’s website might offer cost-effective advertising).
- What printed and online publications do they read?
- What websites do they visit?
- What associations and other organization might they belong to?
- Who do they trust?
- How do they use social media for purchase decisions?

If you’re already in business, there are easy-to-use online survey tools like Zoomerang and SurveyMonkey for conducting customer research. Utilizing a freelance market researcher to help with crafting the survey can help ensure the most accurate results. Market Research really is a science and can be invaluable in helping you understand customer needs, evaluate offers and messaging, and gain relevant product and customer satisfaction feedback.

## 8. Have a great website and optimize it for search.

Use Google Adwords keyword tool and Wordtracker to determine words to use in your copy and keywords to potentially buy. Most companies will do best having an experienced designer create their site. Many hosting sites like GoDaddy and Wordpress offer templates but they can be difficult to use for the technically challenged. For many businesses, their website is a potential customer’s first interaction with the company. Make it great!

## 9. Invest but don’t overinvest time or money on Social Media.

Today you can find a plethora of articles debating the value of Social Media. Know what’s important in driving your business. Will additional likers help spread the word?

## 10. Test, measure refine, repeat.

Before you spend any money and embark on any marketing tactic, think about how you will define and measure success. Online you might consider building a scorecard that measures unique site visits, number of pages visited, conversion rate of visits to sales, average order size.

Tracking visits in a physical store can be more challenging but you can certainly track phone calls and sales.

Understand your profitability across product lines. Are you achieving the average margin you had hoped? If not, why not? Are your prices too low? Are you selling too many low-margin products?

Test various offers and sales to see what works best with your customers. However, beware of offering too many sales and promotions lest you “train” customers to wait. Example: Bed, Bath and Beyond honors coupons regardless of expiration date. This tactic helps them get people in the store but also trains customers to wait for the coupon to arrive in the mail.

Finally, some last words of wisdom: Ask for help. Many entrepreneurs and small business owners are subject matter experts in their industry. However, most can use some additional ideas and validation. Look at joining a small business group where you can tap the wisdom of other business owners outside of your industry.

# Operations, Service Delivery and Daily Business Improvements

by Chad Doty, CEO and Co-founder of 37th Parallel Properties

The goal of a business is making a profit. To meet this goal you have to operate a company that provides the following to its customers:

- Value (Benefit of Product/Service compared to price)
- Consistent Quality (The product or service purchased is of materially the same quality level over time)
- Predictability (The customer can predictably expect to get the same combination of service, product quality, price, etc. over repeat interactions)

These general traits apply to any product or service in any industry. To make that happen after the sale, you have to focus on and optimize operations, service delivery, business improvement.

## Operations

Business operations, at its most basic level, are defined as the processes, people, products, and technology the support the overall business. This includes every division or segment of a business that works toward an ongoing repeatable goal (e.g., Marketing, Sales, Finance, Production, etc.) Think of it as the delivery of your current state business plan. It's what you do every day and every week to fulfill your current promise to your clients.

Operations, ideally, should start “outside in.” You should develop your operations so that you can optimally fulfill your brand promise to your clients. There is no perfect brand or Unique Selling Proposition for every business. All that is required is that you identify where you can be better than the competition then execute flawlessly against that mission.

Do you want to be the lowest cost and fastest provider? If you are in a commodity business that can take fluctuations in quality, then it's possible. Are you in a high-ticket product or service business? If so, then your operations need to be wrapped around quality and service excellence as a baseline and you can compete on speed or cost. Once you have your client promise/ USP determined then that next step is repeatable performance.

This is only possible with training and documentation. There are no shortcuts. Having the expectation that your employees should “just know” the right way to do something by watching you a few times or following you is the equivalent

of asking them to read your mind. It's unfair to them and doesn't get the results you need.

At some point, hopefully in your first year but definitely as you get past the 3 to 5 employee count, you will need to document the core processes of your business (Client Acquisitions, Accounts Receivable, Accounts Payable, Payroll, Office Procedures, HR policies, Client Communications, Internal Communications, etc.).

It can be daunting, tiresome, and sometimes feel unnecessary. Yet, the sooner you document and share your processes and procedures with your staff, the faster they will learn and the faster your business will improve.

Think of it this way. McDonalds isn't successful because it makes the best food. But, its model is highly predictable and consistent. They have absolutely nailed their promise, providing fast inexpensive food with the same service experience anywhere in the world. They win through brand performance and operations.

## Service Delivery

Service delivery can create differentiation just as well as the actual product or service being provided can. Look at Apple. They make excellent products but take a very hard look at just their business model. They are rarely bleeding edge having learned their lesson with the Apple Newton. What they do better than almost everyone is study consumer behavior and find ways to make the entire process better and better. From the convenient purchasing models (Apple Store, Resellers, Website) to the product packaging all the way through to ease of use of their products, they understand what they are trying to do from a service delivery perspective. With regards to your service delivery model ask yourself the following questions:

- Who in the purchasing process am I trying to create a connection with?
- Who in the on-going support process am I trying to keep a connection with? (Note, for B2B companies this is normally not the same person or department)
- What can I do to make purchasing from me easier, faster, more exclusive, more aesthetically pleasing, etc. Essentially, ask yourself, what can I implement to make how I deliver something uniquely better?
- Who are the best in other industries or even in my industry?

Just like your overall operations, you must meet or exceed your marketing promise with your service delivery model and execution. Exceed your marketing promise. Consistently.

## Business Improvement

Once you have your quality down, you must focus on reducing costs and increasing the speed of your delivery (Note, this can be done whether you have a product or a service).

In business the only constant is change. On the positive side, new opportunities to provide value to your clients and to your business open up every day. On the negative side, business is entropic. If you keep doing “only” the same thing every day, your business will erode and decay right in front of you. To take advantage of the positive and reduce the negative change you must do two things:

- You must evaluate every area of your business throughout the year to find ways to improve efficiency, service, quality, etc. Basically, if it isn't broke, break it.
- You must constantly train and incentivize the overall business improvement process so that it runs automatically. This is the secret ingredient.

As a quick example, every company (regardless of size) will have the following business areas Sales/ Marketing, Finance, HR/Staffing, Service/Product Delivery, and Service/Product Development. When you are first building your business it can sometimes take extraordinary effort to get your first customer, make a profit, and build out these business areas.

At some point along the way, additional management will take over these key responsibilities. And when they do, they must be motivated, willing, and able to not only manage the day-to-day operations, but also be able to consistently improve the processes they control. Evaluate your own business process architecture and implement a method to bring in Kaizen (a Japanese philosophy of constant and never ending improvement that is key to Toyota's success) on even a small scale.

## Recommended Resources

*The Goal* by Eli Goldratt.  
*E-Myth* by Michael Gerber.  
*Work the System* by Sam Carpenter.

# Small Businesses Need HR Too!

by Larry Elinskas, President at Elin Associates, Inc.  
and Charlotte Jensen, President at Cole James Associates, Inc.

Under the general heading of Human Resources are a lot of things you may not typically think of if you are starting a business. What comes into play are items such as hiring, retaining, motivating, and firing employees. Also under the broad HR umbrella are safety concerns, security, and employment law. If you take inappropriate or haphazard actions in any of these areas, it could cost you a bundle of money. An excuse of “I didn’t know about that” won’t cut it. You must be prepared to deal with Human Resources issues to control costs and stay in business. The trick to successful navigation of these issues is to know the basics and where to find the answers to the rest. You don’t need to be an expert, but you can build a sound foundation with the following core elements.

## 1. Be aware of and understand the basic employment laws that apply to your business.

There are federal laws, state laws, laws based on how many employees you have, level of revenue, and maybe some laws pertinent to your industry. Knowing the basics means when an employee gets upset and says you have to give a break after a certain number of hours (and threatens to sue you if you don’t), you know that’s not true in Virginia (unless the employee is under age 16). It is important for you to know the requirements for the Fair Labor Standards Act, COBRA, OSHA, the National Labor Relations Act, to name a few. The Department of Labor has been and will continue to be very active in ensuring employees are accurately classified as exempt or non-exempt, and the IRS is looking hard at people classified as “independent contractors.”

## 2. Establish and share relevant company (and industry) policies and procedures.

Adhere to minimum compliance standards—e.g., things like having required employment posters, maintaining accurate I-9 forms, and calculating overtime properly are pretty simple to do but can lead to costly fines and penalties if not done correctly. Along these lines, invest in an employee handbook tailored to specifically to your company. A handbook that outlines your employment policies and expectations helps guide the organization to fair and consistent treatment of employees, which can lead to happier employees, lower turnover, and a reduced risk of legal claims.

## 3. Implement an effective hiring process.

In your hiring process, you should have an idea of what you expect the person to do

in this position. Even better, prepare a job description (see above point regarding employee handbooks—this can be helpful here). Ways to recruit a number of possible candidates vary and should be tailored to your industry. An application is mandatory. Do not rely on a resume, or a simple interview. An application is a legal document and must contain appropriate disclaimers. For the interview, develop a structured list of questions before sitting down with a candidate. Remember, it is the candidate who should do most of the talking, not you! Do ask for and call references and former employers. You are looking not just for bad things, but also positive things you may not have gleaned in the interview. We do recommend background checks for potential employees.

## 4. Establish an employee review process

Overall, if you have a set policy (e.g., employee reviews every 6 months, it can aid in keeping on top of these issues). True performance management is ongoing – constant communication with employees about their strengths, areas for improvement, and development goals is crucial. Formal reviews really should just sum up what the employee already knows based on frequent – and documented – conversations. And, if/when you need to fire an employee, these accurate records and data can be invaluable. There is much more to firing someone than saying “You’re fired!” A disgruntled terminated employee can be very expensive if s/he protests your action (Note: watch out for employees receiving unemployment insurance—employer costs can escalate by not participating in VEC hearings).

## Can you answer these questions?

A business owner with one or two employees faces many of the same issues as a company with 10,000 employees, just on a different scale. Don’t believe us? Ask yourself:

- Can you refuse to hire someone with a criminal record?
- Do you know how to do I-9 forms for new hires and how to report new hires to the state?
- Can you legally pay all employees a salary instead of hourly (aka, no overtime)?
- If you give employees breaks, do you know when the breaks have to be paid?
- Can you pick and choose who gets benefits?
- Under what circumstances will a terminated employee be eligible for unemployment?

## Motivating employees

Management is not just making sure employees are doing their job; it also means motivating them. From Baby Boomers to Generation Y, employees view their careers differently, are motivated differently, and expect different things from you as their manager. For example, Boomers tend to have more long-term company loyalty, value traditional benefits (insurance), and prefer face-to-face interaction, whereas Gen Y employees are generally more loyal to opportunities that advance their career goals, value flexibility (aka time-off and telecommuting benefits), and view access to the latest technology and communication devices as a huge perk.

A key to successful management of employees is to understand their unique styles and motivators and to tailor your approach to maximize employee interactions and productivity.

## Outsourcing HR

If you add up the hours you would spend on various activities, including hunting down answers to your questions, it often makes financial sense to not do them yourself. In fact, outsourcing may lead to financial savings as well as your increased ability to focus on the real goal: building your business.

But, what to outsource? If nothing else, payroll. Payroll companies make processing payroll and filing taxes extremely quick and affordable, and with today’s technology for capturing employees’ time and uploading it directly to the payroll service, it can be almost effortless. Second, find a skilled broker to help you navigate insurance benefits.

The complexity and expense of these benefits combined with rapidly changing laws practically make a partnership with a broker a necessity. You can even outsource the processing of employment verifications and unemployment claims. But, with all the outsourcing options available, there are some things you can’t outsource, at least not completely. Employee management falls to you and is arguably the most important element of your HR infrastructure.



# Contracts 101: The Basics You Need To Know

by Jeff Mitchell, Attorney at LeClairRyan

Every day you enter contractual agreements while conducting business. Some are oral and some are written. When you negotiate and agree upon prices with customers, place supply orders, and execute agreements on behalf of your business you are binding the company to a contractual arrangement. Even the acceptance of a purchase order creates a binding agreement between you and the customer.

Small business owners rarely have the time or inclination to have every contract reviewed by an attorney. The “business call” is often to go with the form, and in the routine conduct of business that’s probably going to be fine. There are times when you should stop and develop a contract. Here are a few:

**Sales Contracts-** If the contract is for a significant amount of revenue (or liability), write it down – cover terms like the price and the terms and conditions for the sale of products.

**Purchase Contracts-** When you obligate the company to purchase equipment or supplies, make certain you understand the agreement’s provisions like warranty, price, and delivery.

**Confidentiality Agreements-** You should have a good confidentiality agreement and not always just accept the other party’s agreement.

**Strategic Relationships-** If you rely upon another party to work with you or perform a critical function for you, write it down. Cover the key terms to the agreement.

**Performance Contracts-** If delivering a product to a customer requires you to incur costs, consider a contract that in addition to other provisions covers issues such as (1) identifying the responsible party for the costs if the contract is cancelled and (2) the exact warranty you are providing.

**Employee Agreements-** To prevent misunderstandings consider employment agreements for key employees.

**Major Transactions-** All major transactions (bringing in a partner, selling the business, or signing a long-term lease) should be documented in a contract.

Depending upon the subject matter of the agreement, you can usually keep the document pretty simple. Get the contract in writing and

record each party’s rights and obligations. Remember that simpler is better. Avoid “legalese.” Confirm that the person you are dealing with has the authority to negotiate and bind the company. Finally, before you sign the agreement- make certain you have listed all the important and relevant terms and conditions. Take time to consider “what if,” as in “what if the other party fails to pay on time.” Small business owners tend to focus on the economics of a contract, because money is the key component of any contract; yet, other provisions can be just be as critical. To review your contract, consider the following:

**Do the Math-** Understand how you get paid, when you get paid, the conditions resulting in not getting paid, and whether there are penalties for late payments.

**Know the Risks-** Review which party bears any risks associated with the transaction (such risk of loss during shipment and risk of the product not working).

**Know Your Company’s Exposure-** To understand your ultimate exposure, examine all of the terms of the agreement such as warranties, indemnification as well as costs. Calculate your potential damages in the event of a breach of the agreement.

**Avoid Assumptions-** Do not assume the other party knows the conditions required for you to perform. Put them in the agreement.

**Know How the Agreement Terminates and the Consequences of Termination-** Avoid situations where you are caught because you did not realize how the agreement could be terminated. The impact of a termination can be financially challenging. It’s sometimes easy to wind a deal up; make certain you know how it unwinds if necessary.

Contracts (or terms and conditions governing a purchase order) usually contain “boilerplate” provisions. Although routine in nature, they can often contain language that significantly impacts your potential risks on the transaction:

**Expenses-** Usually, each party bears their own costs, unless one party acts in bad faith. Know who bears the expenses.

**Attorneys’ Fees-** Some agreements require that each party bears their own expenses in a law suit

regarding the contract. Others require the loser to pay. For a small business that finds itself in a lawsuit over a contract, this can be a major point of leverage for the large business party.

**Further Assurances-** Each party should agree to execute such further agreements necessary to finalize the deal.

**Public Announcements-** Find out if you can talk about the relationship.

**Notices-** The notice provision usually only comes into focus when something goes wrong. Make certain everyone knows the proper address and method to deliver notice.

**Entire Agreement-** The entire agreement provision confirms that the parties have captured all of their agreement in the written document. All of your side discussions about pricing, and shipments, for example, must be in the final written agreement to be binding.

**Amendment and Modification-** If the agreement requires amendments to be in writing (which most do), a phone call with the other party confirming a change is not enough. Write it down and have both parties sign it.

**Assignment-** Whether a party may assign the contract to a new third party can be issue in contracts where the subject matter is sensitive to the business or personal in nature. Pay close to attention to whether the agreement can be assigned.

**Governing Law and Venue-** Most contracts adopt a governing law and establish the location of the court of any lawsuit. Check to see who gets the home field advantage.

**Force Majeure-** A force majeure clause allows one party to be excused from performance for specified reasons – such as a natural disaster. Make certain you understand what allows the other party to cease acting under the agreement.

Contracts do not have to be complex to be important. Routine business operations often involve entering into agreements and not all of these agreements need to be memorialized in formal agreements. Small business owners should consider the scope of the agreement and the consequences of transaction to determine whether a contract is needed.

# What Every Small Business Employer Needs To Know

by Susan Childers North and Brian Muse, Attorneys at LeClairRyan

Starting and maintaining a small business is exciting, but requires hard work and diligence. No matter what business you are in, there is a never ending list of things that must be done. Once you hire your first employee, part of that list inevitably includes complying with various employment laws, and developing good interviewing and hiring techniques for potential employees.

## Top 10 Things That You Should Know About Being An Employer

Some laws and regulations are common sense while others can surprise or confuse even experienced employers. Although not an exhaustive list, below are ten legal requirements that can become pitfalls for unsuspecting employers:

1. You cannot generally deduct or withhold money from an employee's paycheck without his or her written consent. Often employers understandably wish to deduct money from employee paychecks where an employee fails to return equipment, breaks company property, or where a cash register comes up short. Unless you have written authorization, however, this practice violates Virginia law. The only exception to this prohibition is for certain authorized paycheck deductions such as taxes, insurance premiums, and court-ordered wage garnishments.
2. You cannot provide employee's "comp time" in lieu of required overtime payments for working over 40 hours a week. Private employers generally cannot grant hourly employees "comp time" in lieu of paying required overtime even where the employee agrees (or even requests!) the arrangement. Remarkably, "comp time" is a legal and common practice for government employees.
3. You cannot prohibit employees from discussing wage and salary issues among themselves, or with management. It is reasonable to think that employers would prefer that their employees not gossip about wages and salary. Policies that prohibit such discussions, however, can constitute unfair labor practices under state and federal law — even if the employees are not in a union.
4. You must obtain prior written consent and follow strict procedures to lawfully conduct credit or background checks on prospective or current employees. The federal Fair Credit Reporting Act places strict requirements on the steps an employer must take before obtaining and using a credit

or background check. This can result in serious penalties to unsuspecting employers.

5. You must pay hourly employees at least every two weeks. Virginia law requires that hourly (non overtime exempt) employees be paid every two weeks, or twice a month. Salaried (overtime exempt) employees may be paid monthly.
6. You must pay hourly employees for overtime hours even if the work was "unapproved." Federal and state laws governing pay and overtime require employers to pay for time that an employee works (including overtime), even if the work was unapproved. Employers can, however, discipline employees for working unapproved hours or overtime.
7. You cannot ask an applicant about arrest records or to expose a criminal record that has been expunged. Employers in Virginia cannot ask applicants (whether on an application or during a job interview) about their arrest record or about criminal matters that have been expunged from the applicant's record.
8. You must report any newly hired and re-hired employees to the Virginia New Hire Reporting Center. Federal and Virginia law require that certain hiring data be transmitted for the purpose of tracking unemployment numbers and also for issues related to state unemployment compensation tracking.
9. If you enter into contracts with the Commonwealth of Virginia, you may soon need to register and participate in the "E-Verify" program to confirm employee immigration status. Beginning on December 1, 2013, employers with 50 or more employees who enter into contracts with the Virginia government that are worth in excess of \$50,000 must verify newly hired employees using the federal "E-Verify" system for confirming immigration status.
10. You must keep any employee's medical records or documents separate from employee personal files. The law requires that employee medical information be kept in a separate file and company access must be restricted to individuals with a need to know.

## Tips For Interviewing and Hiring New Employees

Finding the right employees is critical to the success of every company. Here are some suggested

guidelines to follow when interviewing and hiring employees:

- Have a clear job description. Before any interviews are conducted, the employer should have a written job description that sets forth the essential functions of the job (meaning the tasks that are critical to performing the position). This is necessary so the interviewer can clearly communicate what the job entails and so the applicant will understand what the job requires. This also increases compliance with the Americans with Disabilities Act.
- Make an outline of the questions you intend to ask and know what questions you cannot ask. Employers unknowingly violate the law by asking prohibited questions on an employment application or in an interview. For example, you cannot ask applicants about their age, religion, whether they have any medical conditions or whether they ever have filed a worker's compensation claim.
- Take notes of the interview but be careful to make only job-related comments. The notes should focus on the key qualifications and skills of the interviewee.
- Once you have narrowed the pool of applicants to those you are seriously considering making an offer, conduct background checks on them. This could include reference checks, criminal background and driving history checks and credit histories. Pre-employment background screening is an area loaded with land mines. Make sure to seek legal counsel on the proper procedures that must be followed.
- Conduct new employee orientations and review critical employer policies and procedures. All employers should have a company employee handbook or at least a few critical policies prohibiting certain types of conduct in the workplace (such as discrimination and harassment) and setting forth certain expectations for all employees (such as addressing absenteeism, dishonesty, disrespectful behavior, theft, etc.). Make sure all new employees sign an acknowledgment form stating they understand the employer's policies and procedures and they agree to abide by them.

# Intro to Accounting, Tax and Finance for Small Business

by Michael Bucci, President of K & M of VA, Inc.

and Kyle Benusa, Staff Accountant at Timothy G. Benusa & Associates

In real estate, as the old saying goes success is due to location, location, location. For entrepreneurs, success is usually driven by cash flow, cash flow, cash flow. The following general overview of accounting and finance is designed to help you take a first small step towards understanding how these financial processes are important for you as a small business owner.

## Know your numbers

Three primary statements you can create offer an overview of the financial health of your company: (a) the income statement, (b) the balance sheet, and (c) the statement of cash flows.

Many businesses that fail simply do so because they run out of cash to fund their startup before the business develops the ability to fund itself. For any startup, its life is measured by the amount of cash in the business versus the amount spent each month to get the business running. The simplest indication for life is cash (and cash equivalent) balances in financial institutions.

As mentioned earlier, for entrepreneurs, cash flow is the most important metric and a cash flow

statement will allow you to better understand the sources and uses of cash in your business.

This may seem obvious but there are two basic ways to improve cash flow in a business: increase the cash coming in and decrease the cash going out. For each of these there are multiple strategies to improve your cash position. Incoming cash can be improved by discounting or promoting to increase sales and/or expediting payment on previous sales. Likewise, deferring, delaying or eliminating uses of cash reduces the outflow.

Your income statement shows the profit or loss incurred by your business, which for many businesses can be very different than cash flow. This financial report forms the basis for your business taxes and most conversations with existing and potential lenders.

As a business owner, you may find that it is very easy to avoid giving sufficient time to maintaining the detailed financial records of your business. Knowing your “numbers” enables you to better make the day-to-day decisions and focus your efforts in appropriate areas to insure the longer terms success of your business.

## Payroll & Self-Employment Tax

You may need to be aware of an additional form of taxation – payroll taxes or self-employment taxes. Payroll taxes are taxes levied by the federal government to pay for social security and Medicare/Medicaid. Payroll taxes are roughly equivalent to 15% of an employee's gross wages. The 15% tax is split 50/50 between employers and employees, with employees paying roughly 7.7% of their gross wages in payroll taxes. For employees, this form of taxation is seamless. The payroll taxes are levied on the gross wages and deducted from the paycheck. For you (as an employer), payroll taxes may be more of a headache. Employers are required to withhold approximately 7.7% of the employee's wages, match the withheld amount with their own funds, and submit the withheld funds to the government at the end of each pay period.

For you, the employer, payroll taxes can be tedious. You may not be able to afford to take-on in-house staff to manage your payroll. An alternative option for you is to hire an outside payroll service to deal with payroll.

A point of clarification: not every small business owner is burdened with payroll taxes. Only those businesses with employees must deal with payroll taxes. If the partners of the business are the only employees, the business is actually not allowed to distribute income in the form of wages or salary. Instead all forms of compensation must be distributed in the form of ‘equity distributions.’ Distributions from sole proprietorships and partnerships do not have to follow the same process for payroll taxes. Instead the IRS has simplified the process by levying the full 15% of the taxes (because the partner is both the employer and the employee) associated with social security and Medicare/Medicaid on the individual's individual income tax return. The IRS titles this tax ‘Self-Employment Tax.’ The IRA levies the 15% Self-Employment tax on the partner's share of allocable income, not necessarily on the actual cash distributed.

## Financial Statements

Statement Name	Description	Some Important Considerations
<b>Cash Flow Statement</b>	The cash flow statement is concerned with the flow of cash in and cash out of the business. The statement captures both the current operating results and the accompanying changes in the balance sheet.	The statement of cash flows is extremely useful in determining the short-term viability of a company.
<b>Income Statement</b>	A company's financial statement that indicates how the revenue (money received from the sale of products and services) is transformed into the net income (the result after all revenues and expenses have been accounted for).  The purpose of the income statement is to show managers and investors whether the company made or lost money during the period being reported.	The income statement shows the relationship between revenue and product or service costs (referred to as “gross margin”) and helps to clarify short to medium term viability for the business.
<b>Balance Sheet</b>	A standard company balance sheet has three parts: assets, liabilities and equity. The difference between the assets and the liabilities is the equity (Assets – Liabilities = Equity).  A balance sheet is often described as a “snapshot of a company's financial condition” since the balance sheet is the only statement which applies to a single point in time of a business' calendar year.	The balance sheet highlights the longer term health of the business by highlighting the short and long terms assets and liabilities of the business.



# Financial Considerations of Your Legal Structure

by Kyle Benusa, Staff Accountant at Timothy G. Benusa & Associates

## Sole Proprietorship

Taxation of your business depends on your choice of legal structure. The simplest form of business entity is a sole proprietorship. If you operate as a sole proprietorship you have no limit to legal liability or financial liability. This means that if you were sued by a customer or client, your personal assets would not be protected from the lawsuit. In addition, your personal assets would not be protected from banks in the event of insolvency. In order for you to escape from the burden of debt in a sole proprietorship, you would have to file personal bankruptcy. It is for this reason that most individuals who begin small businesses choose to operate as a limited liability company, or LLC (see Legal Entity section for more detail on legal aspects of different legal entities).

## Limited Liability Company

A Limited Liability Company, or LLC, is a form of business entity which offers limited legal and financial liability. The LLC, in effect, protects your assets from lawsuits directed at the company. Furthermore the LLC protects your assets from the bank in the case of insolvency within the business (assuming the absence of a personal guarantee.)

For basic income tax purposes the distinction between a sole proprietorship and a single individual operating under the protection of a LLC is inconsequential. For tax purposes it is unnecessary to file a separate tax return for either a sole proprietorship or a LLC owned and operated by a single individual. Instead you, the entrepreneur, simply include the business on your individual return, under the form Schedule C. The business tax rate therefore is wholly dependent upon the income activity at the individual's level.

## Partnership (operating under LLC)

If you choose to begin a business with a partner, then you are unable to simply combine your business taxes with your individual income tax return on form Schedule C. Instead the IRS requires that the partnership file a distinct and separate income tax return. Partnership returns are filed on form 1120. For purposes of this overview we will assume that the partnership has elected to operate as an LLC (see explanation of LLCs above). Despite the fact that partnerships are required to file separate income tax returns, the income still flows through to the individual level and is taxed in much the same way as a sole proprietorship, i.e. taxed at the individual

income tax rate. (See income tax tables for more detail.) Upon filing the partnership return, each partner will be issued a K1 form which states the amounts and nature of the income of the partnership. The information from the K1 is entered on the individual return.

## S-Corporation

A third possible form of small business legal entity is the S-Corporation (S-Corp). The S-Corp is a hybrid form of business entity, with aspects of both partnerships and corporations. For basic tax purposes, the S-Corp is similar to the LLC partnership, in that the income flows through to the individual level. An immediate benefit to operating as a S-Corp. is the avoidance of a portion of the self-employment taxes. A self-employment tax is not levied on shareholders allocable percentage of income, as it is with partners in a partnership. Therefore shareholders in an S-Corp. are able to shield their allocable income from the 15% tax. However, the IRS has recognized this 'loophole' and now requires that if a shareholder is also an employee of his/her business, he/she must pay themselves a 'reasonable' compensation. Reasonable compensation is determined by the IRS in each specific circumstance.

	Description	Income taxation	Liability	Advantages	Disadvantages
Sole proprietorship	Business that is owned and operated by one person	Income is taxed at the individual's personal income tax rate and is reported on Schedule C or Schedule C-EZ	The owner is not protected from liability	Easy, inexpensive to create; owner keeps all income; flexible	Owners have unlimited liability and are responsible for company debts; may be hard to obtain financing; some employee benefits are not deductible.
Partnership	Business owned by two or more people who share profit and liability	Income is taxed on the partners' individual tax forms.	Partners are not protected from liability unless a limited partnership is created, where specific partners are not liable	Easy, inexpensive to create; profits go to partners' income tax returns; could be easier to raise funds; good employees may be attracted to firm with partnership as an incentive.	Profits must be shared; partners can be held liable for others' mistakes; some employee benefits are not deductible.
C corporation	Business is set up as an entity that has its own rights, privileges, and liabilities. Corporations are often run without direct owner involvement	Corporations are taxed at a different tax rate. Shareholders are taxed on their individual tax returns for any dividends they company.	Owners are generally protected from liability.	Can raise money by selling stock; shareholders' liability is limited to their investment (other than officers); employee benefits costs are deductible; easier to raise capital	Expensive and time-consuming to form; more regulations.
S corporation	An S corporation provides the liability protection of a corporation but the taxation benefits of a partnership. The tax status is only available for companies with fewer than 100 shareholders	Income from the company goes to each shareholder's individual tax return, based on his or her share in the company.	Owners are generally protected from liability.	Protection of limited liability without paying corporate taxes; minimize self-employment and FICA taxes; easier to raise capital as a corporation	S corporations are applicable to many regulations, including number of shareholders; expensive to set up; scrutiny of IRS employee shareholder, who must receive "normal" wages before receiving non wage distributions
Limited liability company (LLC or LLP)	Business is set up as a separate entity. Its structure is more flexible than a corporation.	Income is treated as a separate entity and has its own tax forms.	Owners are generally protected from liability.	Limited liability with taxation benefits of partnerships; no loss of power to a board of directors	Formation is more complex and expensive than a proprietorship or partnership. (although less so than a corporation); LLCs are treated differently along states



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# Considering Growth

by Steve Kimball, Founder and CEO at Inc. Navigator & Principal at The Chasm Group

If you're an entrepreneur leading a fast growing firm, or if you're planning on rapid growth, get ready for a rough ride. 80% of startups fail within the first five years of business. Of those that don't fail, most can't sustain their rapid growth rate for very long.

There are certain immutable laws of growth that prevent most companies from growing beyond 19 employees. In fact 93% of business establishments in the U.S. have less than 20 employees.

At around twenty employees many businesses start to experience the adolescent stage of business. It's a stage where you're business is too big to be small, and too small to be big. Your business has become more complex. The resources and approaches that used to work no longer work.

If you are experiencing any of the following challenges you may be in this stage:

- Stagnating sales
- You're not getting the results that you want and you're working harder, but making less money
- The old way of running your business doesn't seem to be working anymore
- You feel stuck and stagnant and too involved in everything
- Unhappy employees

If you feel like you're in this stage and plan to grow bigger than 20 employees, you need to make smart decisions about how, and in some cases whether to grow your business.

There are four key areas to focus on to navigate your growth:

- Realign your value proposition and your company with your Market
- Hire your senior Management and align them to your strategy
- Understand your Model to make money
- Raise the Money that you need to fund the growth

Key Questions to ask for each area:

- Market: Is it easy for your customers to do business with you? How are you better than your customers' other options?
- Management: Do you have the right team to get you to the next level? Are they rowing in the same direction?
- Model: Will you make more money as your sales grow?
- Money: Do you have the capital to fuel the growth?

## Growth is a Choice

Most entrepreneurs do not realize that growth is a choice. Before you decide on which growth strategy to pursue, you should step back and ask some thought provoking questions about why you want to grow and how fast you want to grow. Making deliberate decisions can be the difference between winning and losing.

## A Rapid Growth Firm or Small Giant?

Bo Burlingham has written a great book called Small Giants. Bo defines Small Giants as "companies who define success by not only their bottom line, but their contributions to their community, dedication to customer service, and the creation and preservation of workplace cultures of excellence." In other words, size matters not.

Rapid growth requires a different mindset and often requires outside capital. There are some tough choices to make. Often some of the key employees that helped you get to where you are need to be fired. You need to move from a culture of loyalty to one of accountability.

Most of the businesses with less than twenty employees should remain small and not pursue rapid growth. The questions below will assist you in deciding: "How Big and How Fast?" Be radically objective in how you answer these questions:

- Do you have a highly differentiated value proposition? One that can continue if you're not leading the firm? Most small business' value propositions are built around the entrepreneur. Can you make the company good at what you're good at? If not, stay small.
- Do you have a management team with experience in a company twice as large as yours? If not, do you plan to hire the experience? If you're not ready to 'upgrade' the team, you may not have a stomach for rapid growth.
- Does your business model make more money as sales increases? If you're not sure, you should understand your economic model before you accelerate growth. Otherwise, you may lose money as your sales increase.
- Do you have access to adequate capital to fuel the growth? Fast growing, profitable businesses require more cash. If you don't have capital secured, be careful of your growth speed limit.
- Why do you want to grow? Is it to create a valuable business to sell? Is it to generate more cash flow? Is it to reduce risk?

## Four Fundamentals of Growth

It's about **gross profit**, not Revenue. Too many owners focus exclusively on growing the top line. Gross profit is a good indicator if you have a good value proposition. Are your gross margins better than competitors?

Clear, compelling **value proposition** for a specific niche market. Make sure that you are clear on who is buying your product and service, why they are buying it (i.e., their real need), and why they choose you vs. your competitor.

*Warning: Only 7% of managers can repeat their company value prop. (Source. IncNav.com)*

It's about **focus, alignment, and accountability**. Your job is to lead your team to get the right things done. This means constantly keeping the team aligned around the handful of priorities that really matter and holding them accountable.

*Warning: Only 2% of managers can list the companies top priorities. (Source. IncNav.com)*

**Execution. Execution. Execution.** Having a simple, and disciplined sales and marketing machine is more important than having the best strategy.



# Expanding Your Customer Base

by Bruce Dreisbach, Certified Business Advisor at Deer Haven Partners, LLC

Many small business owners suffer from three common issues: Not enough sales, not enough cash flow, and too little time. A laser-like focus on building an ever expanding base of customers can help you if you have these issues. Growing sales will help your cash flow and ultimately will allow you to increase staff and thus free up more of your time. Growing your customer base is the key to fueling both the size and health of your business. True, good management is required to turn your sales into profits – but you can be sure, without the sales, you won't have a profit.

All marketing efforts can be classified under three primary marketing strategies: 1) Get more volume from your existing customers, 2) get users of other brands to switch to your brand, and 3) get those who don't use the category to become users (of your brand). Let's focus on easy and affordable ways to expand your base of customers by luring in new customers and users of other brands.

If you have an established business which needs to grow a larger customer base, start by looking at the customers you already have. List your best accounts in rank order, from best to worse. Based on what? It could be dollar volume, frequency of purchase, or ease of collecting payment, or some combination of factors. You know who are your "good customers" and those who are not. Draw a line under the top 20 accounts and ask, "What do these accounts have in common and where can I find more of them?" Draw a line under the bottom 50 accounts and analyze. Determine not to waste any precious sales effort on these types of accounts and focus on the types in your top 20.

Practical and inexpensive marketing programs flow from a clear understanding of your customers and what they need or want, which you get from your sales analysis.

- A house painter might go door to door in neighborhoods that are economically able to afford a good paint job and call on houses with deteriorating siding and trim. No one home? Leave a flyer.
- An automotive detailer might cruise parking lots putting flyers on cars of a certain model or age (depending on your customer analysis) to stimulate new business.
- A chocolatier might offer a free sample to every person who comes in the store letting

the taste buds do his selling or up-selling of prospects.

- Real estate agents offer open houses to attract those in the market for a new home to try out the features of a particular home they are listing.
- Most retailers can use a version of the open house strategy to get people inside your store to check out your product line. Hardware stores can offer free seminars ("Re-roof your own home!"). Craft stores can offer low cost, loss leader classes on stamp art or other techniques to draw in and create new customers. Gift stores can offer free entertainment, snacks, and local personalities to boost traffic.
- Referral marketing is also something you might consider. A car salesman gives a new customer a half dozen business cards. Sign the back and give them to a friend in the market for a new car. If they buy one from this salesman, he will send you a \$50 gift certificate for dinner as a thank you.
- Many classes of trade can ask satisfied customers to share a friend's contact information – Even LL Bean, the classic New England catalog retailer, still solicits contact information from customers' family and friends to build their mailing list. Leon Bean built his first catalog mailing list in 1911 by buying a list of out of state hunting license holders from the State of Maine.

- Insurance agents can buy lists of registered drivers and have a clerk telephone offering a free rate quote for car insurance.
- If your business is a new restaurant, target local businesses and homes with coupons which offer good deals for initial trial, to get new people to sample your wares. Participation in regional discount coupon books is just one way to execute this strategy.
- Financial planners can offer prospective clients a free one hour initial consultation to initiate the process of winning new clients.
- If you have the opportunity to participate in expos, fairs or events that attract your target buyer, do so. It is much easier (and cheaper) for a custom cabinet builder to troll up new clients at a large home show than it is to prospect on your own.

In summary, expanding your customer base is simple if you have taken the time to figure out what makes a good customer for your business. Identify the key attributes or variables which your best customers share. You can then leverage this understanding into a focused search for more people or organizations that share this same set of values and needs. Connect them to your delivery of this need and you are on the way to building a loyal foundation of customers.

## Five Strategies for Growth

### Sell more to existing customers. Low Risk. High Reward.

This is the most overlooked strategy. It's not as sexy as the other strategies. This should be your first priority. Can you increase your average order size? Are there a few things that you can do to improve your sales or service? (See Sales and Marketing section...)

### Attract new customers. Medium Risk. Medium Reward.

Start with understanding which clients are most profitable and why they are buying from you. Target your marketing and sales efforts to attract similar types of customers. (See Sales and Marketing section...)

### Sell new products or services. Medium Risk. Medium Reward.

Reselling new products or services is lower risk, but bringing new products or services to market is riskier. (See innovation / launching products section)

### Add new locations. Medium Risk. Medium Reward.

This is often a good option if your current location has maximized its growth potential. Make sure that you have a good manager running your first location before starting your next one.

### Acquire another company or their assets. High Risk. Low Reward.

Most acquisition fail to produce the desired results. To mitigate the risk, an acquisition should support your growth strategy (i.e., location growth, customer growth, etc.) and you need to have employees and advisors that have experience with acquiring and integrating companies.

## Selling to the Commonwealth

There are many specific steps required for Virginia to consider you as a vendor, but there also are many options to help you navigate the federal and state procurement systems.

[www.eva.virginia.gov](http://www.eva.virginia.gov)

Here are tips to make eVA work for you:

### Step 1: Evaluate how much Virginia spends on your product or service

- Click on “NIGP Code Look Up” in the left margin to find the codes that correspond with your product or service.
- Type key words into the search box about your product or service. These codes are important because buyers use these codes to look for vendors.
- Return to eVA’s home page. Click on the “Public Reports and PPEA Opportunities” link under the home page’s Quick Links.
- Click on the link next to the description “Order Summary with Standard NIGP Commodity Code Search,” which is located under “Public Reports.” Enter a date range and all codes that correspond with your business.

- Click on the blue NIGP code to evaluate the report. This report offers the vendor’s name, buyer, order date and price of purchase. This report will help you evaluate whether the state is a viable client for your business.

### Step 2: Find upcoming business opportunities

- Click on “Solicitations and Awards” from the eVA home page. Search for opportunities by business keywords.
- Find future prospects by clicking on the “Future Opportunities” link on the eVA home page. Codes and keywords can be searched here. The results will show the estimated purchase date, the purchasing agency and details about future opportunities.
- The “State Contracts” link from the home page will show whether a statewide contract currently exists for your product or service.

### Step 3: Take advantage of SWAM opportunities

- Small, woman- and minority-owned businesses (SWAM) should complete their SWAM certification to take advantage of

Virginia’s efforts to increase purchases from SWAM businesses.

### Step 4: Register on eVA

- From the home page, click on the Vendor tab and use the “Vendor Sign-Up/Registration” link. Click on the “Registration Quick Guide.” You can call the Customer Care hotline at (866) 289-7367.

### Step 5: Create an electronic catalog

- eVA allows users to create an electronic storefront for state procurement officers. You can use the site’s Basic Catalog to create a spreadsheet of your products and services or use a Punchout Catalog if you have an Internet site with shopping cart technology.
- From the eVA home page, click on the Vendor Tab. Click the “How to Create Vendor Catalogs” link.

### Step 6: Use the Virginia Department of Business Assistance’s resources

- VirginiaDBA offers seminars on how to market your products to state buyers.

[www.vastartup.org](http://www.vastartup.org)

## Selling to the Federal Government

The U.S. government spends billions with private companies each year. If your product or service can be sold to the government, make sure you are getting some of that pie!

One of the best sources to explore federal contracts is at Procurement and Technical Assistance Centers (PTAC) across the state. These centers, managed by the Defense Logistics Agency for the U.S. Department of Defense, provide mostly free assistance to companies who want to do business with the government.

These centers also offer advice on contracting with local and state governments.

PTACs host networking events, hold seminars and offer one-on-one counseling that can help you:

- Determine your suitability for government contracting.
- Ensure you have completed necessary registrations, such as Department of Defense’s Central Contractor Registration

(CCR), the SBA’s Dynamic Small Business Search and other government vendor databases.

- Research the procurement history of companies with products and services similar to yours.
- Identify bid opportunities you are eligible for.
- Prepare proposals for contracts, including correct pricing for your product or service.

Once you have secured a contract, PTAC counselors are still available to help you. Services include:

- Developing a cost-accounting system.
- Marketing
- Creating a financing plan.
- Developing environmental, quality-control and accident prevention plans.
- Preparing you for contract auditing. The center counselors will let you know what to expect and help you get forms in order.

PTACs in Virginia can also help you navigate state and local governments’ systems for business.

## Selling Abroad

There are multiple resources available to businesses that are looking to increase their company’s exports. These resources include:

- Virginia Economic Development Partnership (VEDP) promotes international trade with multiple services for companies throughout Virginia.

[www.exportvirginia.org](http://www.exportvirginia.org)

- U.S. Commercial Service trade professionals in over 100 U.S. cities help U.S. companies get started in exporting or increase sales to new global markets.

<http://www.export.gov>

- The Export-Import Bank of the United States is the official export credit agency of the United States. and assists in financing the export of U.S. goods and services to international markets.

<http://www.exim.gov>

# Virginia's First Choice for Workforce Services



## SERVICES AVAILABLE:

### ❖ Employers

- Find Employees
- Post Jobs
- Work Opportunity Tax Credit
- Tax Filing/Registration/Mass Claims
- Trade Act/Health Coverage Tax Credit

### ❖ Job Seekers

- Find a Job/Register for Job Services
- File an Unemployment Claim Online
- Emergency Unemployment Compensation
- Research Occupations

### ❖ Veterans

- Priority of Service for Veterans
- VEC Military Base Locations
- Military Friendly Employers

### ❖ Labor Market Analysis

- LMI Tools (unemployment rates, labor force characteristics, industry summations, demographics, and economic indicators)
- Labor Market Data
- Community Profiles
- Publications

# www.vec.virginia.gov

The Virginia Employment Commission provides Labor Market Solutions that work for your business. Whether you are looking to post jobs, find employees, research labor market data, or file and pay your taxes online, the Virginia Employment Commission is your one-stop resource.

Employer Services: 804-786-6470 or 757-608-8077

Other Services: 866-832-2363

**www.vec.virginia.gov**



*The Virginia Employment Commission is an equal opportunity employer/program.  
Auxiliary aids and services are available upon request to individuals with disabilities.*



# Leaving Your Business

by Sean Murphy, Attorney at PennStuart

The losing/closing of a private business can be a unique and sometimes difficult event in your life as a business owner. Watching the symbol of your hard work dissipate can create a sense of loss. An unemotional approach can help you reach the best decisions. Why are you no longer going to continue as the owner if this business? The main reasons you might close your business are anxiety caused by personal liability and unreasonable risks, failure to cover costs, health and outside employment.

Is the business going to continue to operate with you as the owner? If so, does the name need to be changed if it is someone personally associated with you, your family or your background? A final date of sale, transfer or closing must be chosen upfront, so that you can understand what obligations can be met and which ones must be negotiated if they will be outstanding.

You first need to determine, what is the value of your business? Do you want to attempt a sale of the business? You may want to look at the sale of similar businesses in the area as indication of the current value to an outside buyer. You will want to get a corporate valuation, usually done by a certified public accountant, one that will reflect the cash flow, risk, importance of your personal insight into the business and other discounts used by professional valuers.

Who owns the business? Who controls the bank accounts? Does the business have any contracts? Does the business owe any money or services? Is the business owed any money or services? What does the business own, property both real and intellectual, from buildings to patents? Who has and where are the corporate financial documents? Tax documents?

If you end up selling or closing your business you must now begin the process of dissolving your business accounts. For business owners, there are a variety of companies that can help you through this process. You should ask your corporate counsel and/or accountant for their recommendations.

Another option for you as the business owner is to close the business, and while this can be an easier process, there are still a number of Virginia regulations that must be followed. If you decide to close your business, you should contact your accountant immediately as you are required to

file a final return and pay any outstanding tax amounts.

Another word for closing a business is “dissolving” a corporation. This can be a viable option if a sale or transfer is not realistic. This does not prohibit the assets of the company passing back to the owners and/or investors after the company is dissolved, but the process has serious regulations. If there is more than one owner, they must all agree to dissolve. The documents that will be your guidebook for this process should be your corporations own documents; articles of incorporation, partnership agreement, articles of organization.

If you have not put in the outline for this process in your own documents then you must look to the Virginia statutes that govern dissolving a business. You must consult an attorney before you begin this process. Once again, a business valuation is essential in the process to determine what the company owns and what the company owes. This is not a simple process of turning off the lights, as all of the company’s assets down to the last paper clip must be accounted for in any sale, transfer or dissolution.

You will need to inform all insurance companies, utility companies, landlords and any party that you have a contract with, whether they are a vendor or a customer, as you will need to terminate production, sales, and services of your product. You will need to file the required documents with the state corporation commission. All tax authorities must be aware of the exact date when all of these actions occur and records should be kept of each and every part of the process.

## **Do not throw away any corporate documents in anticipation of or after the ending of your business**

A good rule of thumb is that you should keep all business records and documents for seven years, as you will want to back up your financial claims if there are any questions down the road.

Lastly, you should make a record of the entire experience as a small business owner. What went right? What went wrong? Your insight will be the most important tool in hopefully making your next small business adventure in Virginia a success.

## **Business Valuation**

If you intend on selling your business there are numerous valuation methods that are utilized by professionals to determine a “fair” price for your business. It is essential that you have this analysis performed prior to any discussions with buyers. As a general rule of thumb, the best valuations are done by an outside party who can remove emotion from the equation.

### **The three most common approaches for valuation are:**

1. Income approach- basically the “money” approach that looks to the present value of anticipated future income or cash flow generated by the business.
2. Asset-based approach- this approach views the business as a set of assets and liabilities that are used as a foundation to construct the picture of another business that would have the same economic value
3. Market approach- relies on information from the market place to determine what a business is worth. Essentially, looking to businesses that produce, market and operate similar to your business, the amount of their sale and chart out all of the sales over a recent time period.

It is important that once you hire a professional to value your business for a possible sale, you provide them with the entire “picture” of your business. Business owners, like yourself, tend to undervalue the human capital that they put into their business. If it takes you 90 hours a week to run your business or you have a specific talent that adds to the product, this has to be calculated into the valuation. As you are exiting a business that you created, you will want it to prosper after your departure, so that your “value” will not diminish as a seller of businesses in the future.

Business buyers may place additional value on your business because there are clear opportunities to expand the business or leverage your business to expand their existing business. This can come in the form of expanding your business sales with their existing products or expanding their existing business with your business’ products, services or other capabilities.

# I MAKE LIFE TASTE BETTER



Photography courtesy of National Fruit Product Company, Winchester, Va.

## SO WHAT DO YOU DO?

Still think a career in manufacturing is boring? Think again. Virginia's advanced manufacturers produce everything from food for your table to microchips to life-saving medicine. Take the next step and visit [www.dreamitdoitvirginia.com](http://www.dreamitdoitvirginia.com) for information about a career in advanced technology and manufacturing. It's a chance to be a part of some of the nation's most active and exciting businesses. And it's the chance to have the life you've always wanted.

For more information log on to [www.dreamitdoitvirginia.com](http://www.dreamitdoitvirginia.com)

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Retirement And 401k Plan Set-Up  
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Human Resources Consulting  
and Services (On-Site if Required)  
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**Work Permit Authorizations**  
W-4 Review and Compliance  
Vacation / Sick  
Accruals and Reporting  
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Assistance With Worker Compensation  
**Year-end Audits**  
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Risk Management  
Time and Attendance  
Software and Integration  
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Demographics and General Ledger  
**Customized Employee Manuals**  
Termination Assistance  
Unemployment Claims Representation  
Review Of Exempt vs. Non-exempt Status  
Assistance With Qualifying &  
Hiring New Employees  
Assistance With **EOC Inquiries**  
COBRA  
Legal Services  
Employee **Screening** Pre-Employment

available at [www.vdba.virginia.gov/guide](http://www.vdba.virginia.gov/guide)

**VirginiaDBA**  
Connecting Businesses with Resources  
Department of Business Assistance

The Virginia Department of Business  
Assistance provides a one-stop-service  
for technical assistance related to  
business formation, access to capital,  
and workforce development.

## HOW MAY WE HELP YOU?

**LOOKING TO START-UP OR GROW?**  
Business Information Services (BIS)

**LOOKING FOR EMPLOYEES?**  
Virginia Jobs Investment Program (VJIP)

**LOOKING FOR FINANCING?**  
Virginia Small Business Financing Authority  
(VSBFA)

[www.vdba.virginia.gov](http://www.vdba.virginia.gov)



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# Business-Friendly Regulation: Not an Oxymoron

by Gordon Dixon, Director of the Department of Professional and Occupational Regulation

So, you've always been handy and now you want to start your own contracting business? Or maybe after seeing more and more people with tattoos, your entrepreneurial spirit is leading you to explore opening your own tattoo parlor. Whatever your area of interest, if your business involves one of our regulated activities, the Department of Professional and Occupational Regulation (DPOR) is ready to help you succeed in your chosen field.

DPOR supports Virginia's role as the best place for small businesses by licensing qualified professionals in the least intrusive, least burdensome, most efficient manner. We regulate only those professions and occupations determined by the General Assembly as necessary to protect the public's health, safety and welfare.

DPOR licenses, certifies or registers more than 300,000 individuals and businesses across nearly 50 professions and occupations. Four regulatory boards make up the majority of DPOR's activities:

- Contractors;
- Barbers and Cosmetology;
- Real Estate; and
- Architects, Professional Engineers, Land Surveyors, Certified Interior Designers and Landscape Architects.

Virginia's business-friendly regulatory climate strives to reduce barriers to entry. DPOR regulations require licensees to demonstrate minimum competency to protect the public, but avoid overly strict standards that discourage competition. Qualifications for licenses or certificates are based on combinations of education, experience and examination.

DPOR understands the need to process applications and license renewals efficiently and effectively, so Virginia's small businesses can get to work and stay in business. Once we receive a completed application, a license is issued in nine working days, on average.

On occasion—particularly in the area of contracting, when a valid license is legally required just to bid on a project—the need arises to process an application immediately. And so our contractors licensing section developed

an expedited service option to process select, completed applications within 48 hours for a non-refundable convenience charge. The additional convenience charge allows staff to handle special requests using overtime, to avoid displacing applications already in line for processing.

DPOR offers online renewal for licensees, and many applicants can even apply online, with more programs being added to our online services as we transform our legacy computer system. Our information system conversion soon will give licensees the option to maintain their licenses securely online, including change of address updates.

We are proud that more than 99 percent of DPOR's licensees and certificate-holders operate within the standards of practice for their professions. However, when regulated individuals or businesses do violate legal or

regulatory requirements, DPOR emphasizes corrective action as a method of positive discipline.

We believe the public is best protected, and small businesses are best supported, when complaints are resolved quickly and violators are brought into compliance. More than half of

all disciplinary violations result in voluntary agreements with licensees about corrective action, which may include remedial education or other probationary terms.

DPOR and its staff take seriously our responsibility to promote job creation by helping qualified people start businesses and work in their chosen fields. If you are thinking about entering a profession that requires a license and you have questions about the application or qualification process, please call (804) 367-8500 or visit us online at [www.dpor.virginia.gov](http://www.dpor.virginia.gov). We appreciate the opportunity to show you why Virginia is the best state for business.

*Gordon Dixon is director of the Department of Professional and Occupational Regulation.*

*He can be reached at (804) 367-8519 or [director@dpor.virginia.gov](mailto:director@dpor.virginia.gov).*

## DPOR Regulatory Programs

- Architects
- Asbestos Workers
- Auctioneers
- Backflow Prevention Device Workers (Tradesmen)
- Barbers
- Body Piercers
- Boxers (Professional)
- Branch Pilots
- Cemetery Salespersons
- Common Interest Community Managers
- Contractors
- Cosmetologists
- Electricians (Tradesmen)
- Elevator Mechanics (Tradesmen)
- Estheticians
- Fair Housing
- Gas Fitters (Tradesmen)
- Geologists
- Hair Braiders
- Hearing Aid Specialists
- Home Inspectors
- HVAC (Tradesmen)
- Interior Designers
- Land Surveyors & Photogrammetrists
- Landscape Architects
- Lead Abatement Workers
- Mixed Martial Arts (Professional)
- Mold Remediators
- Nail Technicians
- Onsite Sewage System Professionals
- Opticians
- Plumbers (Tradesmen)
- Polygraph Examiners
- Professional Engineers
- Real Estate Appraisers
- Real Estate Salesperson and Brokers
- Soil Scientists
- Tattooists
- Waste Management Facility Operators
- Wastewater Works Operators
- Water Well System Providers (Tradesmen)
- Waterworks Operators
- Wax Technicians
- Wetland Delineators
- Wrestlers (Professional)

# The Port of Virginia

## One of the Commonwealth's greatest natural and economic assets

The Port of Virginia is one of the Commonwealth's greatest natural and economic assets. Along with the international air gateway at Dulles, the Port of Virginia serves as a critical conduit for global trade, contributing to the economic welfare of the state and the nation. In Virginia alone, port-related activity helps generate more than 340,000 jobs, approaching ten percent of Virginia's resident workforce.

The Virginia Port Authority (VPA), the state's leading agency for maritime commerce, owns and/or leases five marine cargo facilities in Hampton Roads and on the James River in Richmond. We also own the Virginia Inland Port, a truck and rail transfer facility located in the heart of the Shenandoah Valley near Front Royal. All six vital facilities are operated by companies designated by the VPA.

Focusing on containerized cargoes, the Port of Virginia ranks as the seventh largest port in the United States and the third largest port on the East Coast. Virginia is truly a maritime hub with weekly services offered by more than 30 international steamship line companies. Virginia port customers are connected to more than 80 foreign ports offering access to nearly every vital world market. Multiple options are available for delivering cargo to and from the port's world class facilities. CSX, Norfolk Southern and several short line railroads service various VPA terminals. Scheduled barge service is available to and from the ports of Richmond, Baltimore and Philadelphia. In addition, more than 100 trucking companies offer container drayage services to Virginia port customers.

Virginia is ideally situated to reap the benefits of expanding maritime trade. In 2014, the Panama Canal will celebrate its centennial and open a new set of locks capable of handling vessels larger than Nimitz class aircraft carriers. The Suez Canal, connecting the Far East and Indian Subcontinents with Europe, the Mediterranean and North America, is a sea-level canal capable of handling the world's largest vessels. As the trend towards larger containerized vessels accelerates, Virginia's 50-foot channels represent a tremendous competitive advantage. While competing ports scramble to address high-cost dredging and bridge clearance issues, Virginia is truly open for business, ready to accommodate the largest afloat and envisioned.

Furthering our "pro-business" environment, Governor McDonnell visited APM Terminals in June 2011 to sign legislation creating three specific port-related tax incentives. The bills provide tax credits for port customers based on increased cargo volumes, investment and job creation and the use of barge and/or rail as alternative modes of transportation. This innovative legislative package will improve Virginia's competitive position among East Coast ports.

Deep channels, dozens of weekly steamship line services, a variety of inland transportation options and available tax incentives – Combine these strengths with Virginia's established practice of port investment and you will recognize the sustainability and growth potential of the Commonwealth's great maritime assets. With immediate expansion opportunities available at APM Terminals (Phase II) and a long-term plan to execute Craney Island's Eastward Expansion, the Port of Virginia stands ready to accommodate continued growth in world trade.



### Port of Virginia: Growth in Exports Loaded Export Twenty-foot-Equivalent Units (TEU)

Calendar Year	Loaded Export (TEUs)
2005	738,866
2006	751,213
2007	882,359
2008	942,075
2009	791,831
2010	824,331
Jan-Oct 2010	688,889
Jan-Oct 2011	709,359
YTD Growth	3.0%

# Virginia Employment Commission

## Bringing Value to Economic Development and the Workforce

by John Broadway, Commissioner

The Virginia Employment Commission (VEC) brings value to the business climate through the federally-funded workforce development programs it operates on behalf of employers and residents of the Commonwealth. Because of the state of the economy during the last several years, the VEC has become better known to employers and Virginians as the agency that pays unemployment benefits to eligible workers. The VEC has devoted much time and effort to administering state unemployment benefits and several complex federally-funded extensions of unemployment benefits, and it continues to pay many unemployed Virginians who meet the eligibility criteria for receiving benefits.

This is only part of what the VEC does for Virginia. The VEC provides help to employers who are recruiting workers and to job seekers who are trying to get back to work. In 2009, the VEC used some of the stimulus funding it received to create a Business and Economic Development team to target assistance to the business community and to create specialist positions in each VEC office to help unemployed workers become reemployed.

The Business and Economic Development Team (Business Team) and Reemployment Specialists (RES) are dedicated to helping unemployment insurance (UI) claimants get back to work. In 2011, the Trade Unit built on these structures to create On-the-Job Training (OJT) teams.

The Business Team calls on employers and teaches them how to navigate the Virginia Workforce Connection, how to post positions, and how to search for qualified candidates. The RES help job seekers identify their transferable skills and seek new employment. At each regularly scheduled OJT team meeting, the Business Team conveys information about the types of jobs employers are seeking to fill and the RES describe the candidates available. This year, more than 60 individuals displaced from Virginia companies due to foreign trade have reemployed in an OJT position. Virginia employers who have hired and agreed to train a Trade-impacted worker on-the-job are receiving reimbursements totaling as much as 50 percent of the employee's wage. These reimbursements are a direct savings to the employer's bottom line and reduce recruiting costs.

### On-Line Tools

*Virginia Workforce Connection (VWC) Services for Employers (Fig. 1)*

Matching job seekers who are eager to work with employers having positions to fill is central to the VEC's work. The Services for Employers section of the Virginia Workforce Connection (VWC) provides tools for managing the talent acquisition processes.

The ability for the employer to create separate usernames and passwords within the employer's VWC account is one update made to the Employer Services section of the VWC this past year. Some companies use this feature to divide the job posting workload among various recruiters, while other companies use this feature to give hiring managers access to create job postings or search for applicants on a worksite-by-worksite basis or on an organization-wide basis.

The VEC Employer Services staff has also been working with third-party posting services to ensure that job orders from employers who use these services flow smoothly and accurately into the VWC.

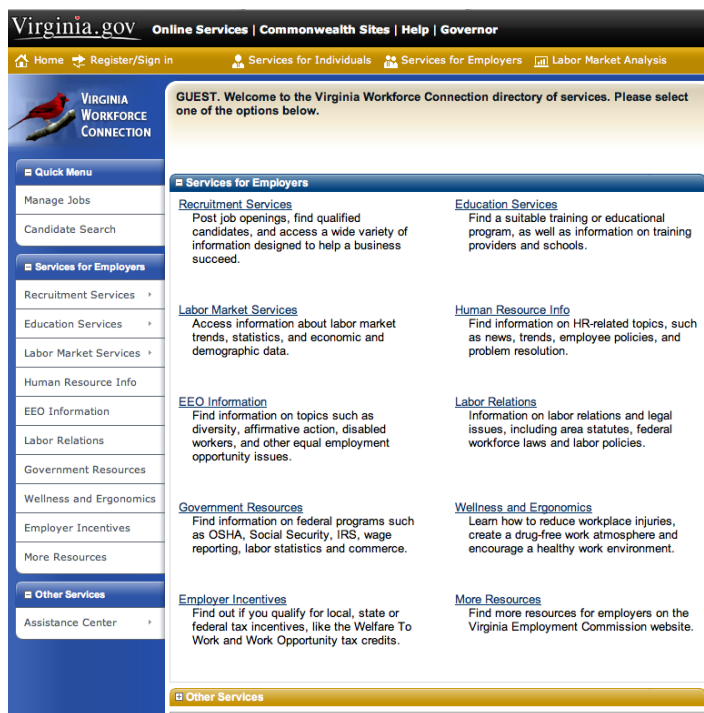


Figure 1 - Virginia Workforce Connection Services for Employers  
<https://www.vawc.virginia.gov/vosnet/menulandingpage.aspx>



Figure 2 - Virginia Workforce Connection Labor Market Information (LMI) Home  
<http://www.VirginiaLMI.com>



### *Virginia Workforce Connection Labor Market Information (LMI) Home (Fig. 2)*

Businesses depend on the VEC's Economic Information Services (EIS) division when developing strategic business plans. EIS provides data about the Commonwealth's labor force, industries, occupations, income and wages, and economic indicators and assumptions. This data is always available online through the Virginia Workforce Connection's Labor Market Information homepage at <http://www.VirginiaLMI.com>.

The Community Profile online reports are a valuable resource and include demographic, economic and educational data available for individual localities (counties and cities), planning regions (PDC), workforce investment areas (WIA), Congressional districts, metropolitan statistical areas (MSA), Virginia community college regions, and the whole Commonwealth. Each time our database is updated, these reports update automatically. Additional features of the LMI Tools section of the Virginia Workforce Connection include:

- Maps that display current population estimates at the national, state, and local levels
- Maps showing the average weekly wage, number of establishments, and average employment at the local level
- Charts that show industry data summarized by area, largest employers, number of startup firms, and industry size, and
- The Consumer Price Index information for All Urban consumers and Urban Wage Earners and Clerical Workers for the past 10 years.

### **Collaboration for Economic and Workforce Development**

By far, the most significant impact for Virginia's employers this past year has been the increased collaboration between the VEC staff and their colleagues in other economic and workforce development agencies. The types of questions we have helped answer include:

#### ***"If I move my business to Virginia, will I be able to recruit qualified employees?"***

We can help with that. For instance, the VEC Business and Economic Development Team, in collaboration with the Carroll County Administrator, provided labor market data to a

manufacturing organization considering locating in Virginia. Based on the quality of the workforce and the service provided, the employer stated Virginia is at the top of his location list.

#### ***"I need to ramp up fast, can you help me hire?"***

We can help with that. The Fishersville Workforce Center, in collaboration with the Virginia Department of Business Assistance, staffed a five-day job fair and pre-screened nearly 200 applicants for nonwoven textiles manufacturer PGI. The company reported high satisfaction with the quality of the job seekers referred and employed a high percentage of job seekers referred.

The Virginia Department of Business Assistance—in collaboration with the VEC Business and Economic Development Team and the Galax, Wytheville and Radford Workforce Centers—identified 100 applicants for 55 production assembler positions for Dove Vinyl Windows when Dove opened a second manufacturing plant in Dublin, VA.

Collaborators in the Capital Area—the VEC Mechanicsville Workforce Center, the Resource Workforce Centers, Goodwill, the Community College Workforce Alliance, the Department of Rehabilitative Services, the Department of Social Services, and the VEC Business Team member—have adopted a "single point of contact" approach to serving employers in the Capital Area. A call to one is as good as a call to all and results in targeted hiring events with a well-prepared and diverse candidate pool.

#### ***"Where do I get the money to train new employees?"***

We can help with that. Many of the VEC's Workforce Services Division employees have work assignments focusing on one aspect of our work, such as assisting job seekers, reaching out to the business community, or reviewing job orders to match and refer qualified candidates. Regardless of the specialization, all of VEC's Workforce Services Division employees are on the lookout to bring value to the Commonwealth's employers. Recently, our Norton Workforce Center demonstrated this overriding focus on bringing value.

A reemployment specialist from the Norton Workforce Center was staffing a job fair—in

collaboration with the Wise County Career Development Center—where he met the owner of Buchanan Electric, Inc. Later, a co-worker, who matches candidates to new job orders, discovered that Buchanan Electric had posted a job in the Virginia Workforce Connection. Together, these co-workers contacted a VEC trade specialist, who identified a worker that had recently completed HVAC training. Staff followed up with Buchanan Electric to discuss the possibility of OJT. Since the candidate had received his HVAC training through the Trade Act program, staff contacted our WIA dislocated worker specialist, who was able to certify the candidate and provide OJT training funds. Buchanan Electric hired the candidate and received a reimbursement for training the candidate.

Collaboration between VEC and the Workforce Investment Act's staff enabled Buchanan Electric to gain a new employee and the dislocated worker to gain new employment.

#### ***"How can HR bring money to the bottom line?"***

We can help with that. The human resources manager at Newport News Shipbuilding, a Division of Huntington Ingalls Industries, described her company's experience in working with the VEC to provide OJT and to hire individuals who qualified for the Work Opportunity Tax Credit (WOTC): "It was easier than I expected," she advised at a presentation to other employers; she also reported significant savings—around \$700,000—to her company's bottom line. Visit <http://www.vec.virginia.gov/vecportal/ojt> to learn how Newport News Shipbuilding, Blue Ridge Machine Works, and Carded Graphics used OJT and WOTC to reduce their recruiting costs.

#### ***How May We Help You?***

These are only a few examples of how the VEC stands ready to assist businesses operating, locating, or expanding in Virginia. For additional information or assistance, contact one of our Business and Economic Development team members or your closest VEC Workforce Center. Go to the Virginia Employment Commission website at [www.vec.virginia.gov](http://www.vec.virginia.gov) to find the nearest VEC workforce center.

# Virginia Incentives

## Corporate income tax incentives

The Virginia corporate income tax rate is a flat 6 percent. However, the sales factor in the state's income apportionment formula is double weighted, benefiting companies with high payrolls and property in Virginia.

## Sales and use tax exemptions

Virginia has one of the lowest sales tax rates in the country — 5 percent (4 percent state, 1 percent local). There are some exemptions, such as items purchased for resale or used in manufacturing, pollution control devices, purchases used in research and development, and charges for utilities and Internet access.

### Contact:

Virginia Department of Taxation  
P.O. Box 1115  
Richmond, Virginia 23218  
(804) 367-8037  
<http://www.tax.virginia.gov>

## Property tax incentives

Virginia does not tax property at the state level. Real estate and tangible personal property are taxed at the local level. A company will pay either county or city taxes depending on its location. There is a long list of items that Virginia does not tax, including: manufacturers' inventory, intangible property and furniture/fixtures.

## Virginia Jobs Investment Program

The Virginia Department of Business Assistance's Jobs Investment Program provides an economic development incentive for business relocation and expansion projects — working with Virginia businesses to provide customized recruiting and training programs. Small businesses may also qualify for training and retraining programs. Visit <http://www.dba.virginia.gov/vjip.shtml>. The Small Business New Jobs Grant Fund provides grants ranging from \$500 to \$2,000 to small businesses creating at least five new jobs within a 12-month period.

### Contact:

Virginia Department of Business Assistance  
1220 Bank Street, 3rd Floor South  
Richmond, VA 23219  
(804) 371-8120  
<http://www.vdba.virginia.gov>

## Worker Retraining Tax Credit

Employers can receive tax credits for 30 percent of expenditures on worker retraining programs for qualified employees. The credit is capped at \$2.5 million in a taxable year. Eligible programs include courses at Virginia community colleges certified by the Virginia Department of Business Assistance, or apprenticeship agreements certified by the Virginia Apprenticeship Council.

### Contact:

Virginia Department of Business Assistance  
1220 Bank Street, 3rd Floor South  
Richmond, VA 23219  
(804) 371-8200  
<http://www.vdba.virginia.gov>

## Major Business Facility Job Tax Credit.

Companies locating or expanding in Virginia can receive a corporate income tax credit for each new full-time job created beyond 50 jobs — or 25 jobs for companies locating in an Enterprise Zone or economically distressed area. Jobs that do not qualify include seasonal or building-related and security positions.

## Green Job Creation Tax Credit.

This tax credit for "green" companies awards an annual tax credit of \$500 for each salary that is \$50,000 or more for up to 350 jobs. The credit is allowed in the first taxable year after the job has been filled for at least one year and in each of the four succeeding years. Green jobs are related to the field of renewable, alternative energies.

## Enterprise zones

The enterprise zone program encourages investment and job creation in 57 designated urban or rural zones throughout Virginia. The program offers cash grants for creation of jobs that offer health benefits and pay a wage at least 1.75 times above the federal minimum wage. Jobs that pay double the federal minimum wage receive an \$800 tax credit. Cash grants are also available for qualified real estate investments in the designated zones.

### Contact:

Virginia Department of Housing and Community Development  
600 E. Main St., Suite 300  
Richmond, Virginia 23219  
(804) 371-7030  
<http://www.dhcd.virginia.gov>

## Foreign trade zones

There are five foreign trade zones in Virginia, designated by the U.S. Department of Commerce. These zones allow businesses to defer paying U.S. customs duties on imported goods held within the zone until the goods enter the United States for consumption. No duties are paid if the goods are re-exported. Companies also do not have to pay duties on any goods that are damaged or on waste products.

### Contact:

Virginia Department of Business Assistance  
P.O. Box 446  
Richmond, VA 23218  
(804) 371-8200  
<http://www.vdba.virginia.gov>

## Technology zones

Jurisdictions in Virginia can establish technology zones to attract targeted industries. Qualified businesses locating or expanding in a zone receive local permit and user fee waivers, local tax incentives, special zoning treatment or exemptions from ordinances. Once a zone is established, the incentives can be provided for up to 10 years. Each locality administers its own program.

## Governor's Opportunity Fund

This "deal-closing" fund is used when Virginia faces competition for a major investment in Virginia. The grant is given to a locality for the benefit of the company. It can be used for projects such as site acquisition, expansion of broadband capacity, training or construction of buildings.

### Contact:

Virginia Economic Development Partnership  
P.O. Box 798  
Richmond, Virginia 23218-0798  
(804) 545-5610  
<http://www.YesVirginia.org>

## Center for Innovative Technology

CIT helps grow Virginia's technology industry. Its CIT Entrepreneur program provides up to \$100,000 in funding for promising high-growth technology companies and helps owners identify

potential equity investors.

### Contact:

CIT  
2214 Rock Hill Road, Suite 600  
Herndon, VA 20170-4228  
(703) 689-3000

## Virginia Department of Minority Business Enterprise

The program provides advice, technical support and access to capital for minority businesses, along with offering certification that can help win business from state agencies and other private-sector vendors.

### Contact:

Virginia Department of Minority Business Enterprise  
1111 E. Main St., Suite 300  
Richmond, VA 23219  
(804) 786-6585  
<http://www.dmbc.virginia.gov>

## GENEDGE Alliance

With field offices around the state, GENEDGE Alliance provides manufacturers with expertise in areas such as hiring, supply-chain management and lean management practices. It also partners with facilities such as the Old Dominion University Business Gateway and the Manufacturing Technology Center in Wytheville.

### Contact:

<http://www.vpmep.org>  
Northern Virginia: (540) 722-3405  
Richmond: (804) 323-2226  
Southside: (276)666-8890 x221

## Virginia Enterprise Initiative

A program that helps low-income, women, and minority entrepreneurs get business skills training and access to capital, including loans up to \$35,000. The program operates at locations around the state.

### Contact:

Virginia Department of Housing and Community Development  
501 N. Second St.  
Richmond, VA 23219  
(804) 371-7040  
<http://www.dhcd.virginia.gov>

## Virginia Small Business Financing Authority

Run by the financial services division of the Department of Business Assistance, the authority helps businesses with public and private financing and is the statewide issuer of industrial development bonds.

### Contact:

Virginia Department of Business Assistance  
1220 Bank Street, 3rd Floor South  
Richmond, VA 23219  
<http://www.dba.virginia.gov/vsbfa.shtml>

## Virginia Tobacco Commission Southside Capital Access Program

The program encourages banks in Southside to lend money to borrowers who might not otherwise qualify for loans. It creates and helps to fund a loan loss reserve at each participating bank.

### Contact:

Virginia Small Business Financing Authority  
1220 Bank Street, 3rd Floor South  
Richmond, VA 23219  
(804) 371-8254  
[www.vdba.virginia.gov/vsbfa\\_TobaccoCAP.shtml](http://www.vdba.virginia.gov/vsbfa_TobaccoCAP.shtml)

# Important Resources

## STATE AGENCIES

### Human Rights Council

<http://www.chr.virginia.gov>  
1220 Bank St.  
Jefferson Building, Third floor  
Richmond, VA 23219  
(804) 225-2292

### eVA – Virginia's procurement system

<http://www.eva.virginia.gov>  
(866) 289-7367

### Virginia Business Registration Guide

<http://www.scc.virginia.gov/clk/begin.aspx>

### Virginia Department of Agriculture and Consumer Services

<http://www.vdacs.virginia.gov>  
102 Governor St.  
Richmond, VA 23219  
(804) 786-2042

### Virginia Department of Alcoholic Beverage Control

<http://www.abc.virginia.gov>  
2901 Hermitage Road  
Richmond, VA 23220  
(804) 213-4400

### Virginia Department of Business Assistance

<http://www.vdba.virginia.gov>  
1220 Bank St., 3rd Floor South  
Richmond, VA 23219  
(804) 371-8220

### Virginia Department of General Services

<http://www.dgs.state.va.us>  
1100 Bank Street, Suite 420  
Richmond, VA 23219  
(804) 786-3311

### Virginia Department of Labor and Industry

<http://www.doli.virginia.gov>  
13 S. 13th St.  
Richmond, VA 23219  
(804) 371-2327

### Virginia Department of Minority Business Enterprise

<http://www.dmbe.virginia.gov>  
1111 E. Main St., Suite 300  
Richmond, VA 23219  
(804) 786-6585

### Virginia Department of Professional and Occupational Regulation

<http://www.dpor.virginia.gov>  
9960 Mayland Dr., Suite 400  
Richmond, VA 23233  
(804) 367-8500

### Virginia Department of Taxation

<http://www.tax.virginia.gov>  
P.O. Box 1115  
Richmond, VA 23218  
(804) 367-8037

### Virginia Department of Transportation

<http://www.virginiadot.org>  
1401 E. Broad St.  
Richmond, VA 23219  
(804) 786-2801

### Virginia Economic Development Partnership

<http://www.yesvirginia.org>  
901 E. Byrd St., Riverfront Plaza  
Richmond, VA 23218  
(804) 545-5600

### Virginia Employment Commission

<http://www.vaemploy.com>  
703 E. Main St.  
Richmond, VA 23219  
(804) 786-1485

### Virginia Enterprise Zone Program

<http://www.dhcd.virginia.gov/EZones/>  
600 E. Main St., Suite 300  
Richmond, VA 23219  
(804) 371-7000

### Virginia Marine Resources Commission

<http://www.mrc.virginia.gov>  
2600 Washington Ave., 3rd Floor  
Newport News, VA 23607  
(757) 247-2200

### Virginia Port Authority

<http://www.vaports.com>  
600 World Trade Center  
Norfolk, VA 23510  
(800) 446-8098

### Virginia Small Business Financing Authority

<http://www.vdba.virginia.gov/vsbfa.shtml>  
1220 Bank St.  
Richmond, VA 23219  
(804) 371-8254

### Virginia State Corporation Commission

<http://www.scc.virginia.gov>  
1300 E. Main St.  
Richmond, VA 23219  
(804) 371-9967

### Workers' Compensation Commission

<http://www.vwc.state.va.us>  
1000 DMV Drive  
Richmond, VA 23220  
(877) 664-2566

## FEDERAL AGENCIES

### Internal Revenue Service

<http://www.irs.gov>  
400 N. 8th St., Room 564  
Richmond, VA 23240  
(804) 916-8700

### Social Security Administration (Richmond)

<http://www.ssa.gov>  
1834 W. Cary St.  
Richmond, VA 23220  
(804) 771-8125

### U.S. Department of Labor

<http://www.dol.gov>  
400 N. Eighth St., Suite 416  
Richmond, VA 23240  
(804) 771-2995

### U.S. Department of Agriculture

<http://www.fsa.usda.gov/va>  
1606 Santa Rosa Rd., Suite 138  
Richmond, VA 23229  
(804) 287-1500

### U.S. Department of Commerce

<http://www.doc.gov>  
400 N. Eighth St.,  
P.O. Box 10026  
Richmond, VA 23240  
(804) 771-2246

### U.S. Patent and Trademark Office

<http://www.uspto.gov>  
600 Dulany ST.  
Alexandria, VA 22314  
(571) 272-1000

## BUSINESS MENTORING/ RESOURCES

### Community Business Partnership

<http://www.cbponline.org>  
7001 Loisdale Road, Suite C  
Springfield, VA 22150  
(703) 768-1440

### Metropolitan Business League

<http://www.thembl.com>  
115 E. Marshall St.  
P.O. Box 26751  
Richmond, VA 23261  
(804) 649-7473

### New Visions, New Ventures

<http://www.nvnv.org>  
701 E. Franklin St., Suite 712  
Richmond, VA 23219  
(804) 643-1081

### Procurement and Technical Assistance Centers

Virginia PTAC  
<http://www.vaptap.org>  
Crater PTAC  
<http://www.craterptac.org>  
Southwest Virginia PTAC  
<http://www.sw.edu/ptac>

### SCORE

<http://www.score.org>

### U.S. Small Business Administration

<http://www.sba.gov>  
Richmond Office:  
400 N. Eighth St., Suite 1150  
Richmond, VA 23219  
(804) 771-2400

### Virginia Chamber of Commerce

<http://www.vachamber.com>  
9 S. Fifth St.  
Richmond, VA 23219  
(804) 644-1607

### Virginia Economic Bridge

<http://www.virginiaeconomicbridge.org>  
P.O. Box 3768  
Radford, VA 24143  
(540) 731-6800

### Vectec

<http://www.vectec.org>  
151 Enterprise Place  
Newport News, VA 23603  
(757) 243-8700

### Virginia Business Incubation Association

<http://www.vbia.org>  
11712C Jefferson Ave, # 253  
Newport News, VA 23606  
(757) 926-5368

### Virginia Manufacturers Association

<http://www.vamanufacturers.com>  
830 E. Main St., Suite 2000  
Richmond, VA 23219  
(804) 643-7489

### Virginia Minority Supplier Development Council

<http://www.vmsdc.org>  
200 S. Third St., 2nd floor  
Richmond, VA 23219  
(804) 788-6490

### Virginia's Business Pipeline

<http://www.virginiabusiness.org>  
P.O. Box 3768  
Radford, VA 24143  
(540) 731-6800



# Virginia Small Business Development Centers

## VIRGINIA STATE OFFICE

4031 University Drive, Suite 200  
Fairfax, VA 22030-3409  
(703) 277-7727  
[www.virginiastbdc.org](http://www.virginiastbdc.org)

## POTOMAC REGION

### LEAD CENTER-GMU

7001 Loisdale Road  
Suite C  
Springfield, VA 22150  
(703) 768-1440

### ALEXANDRIA SBDC

625 North Washington Street  
Suite 400  
Alexandria, VA 22314  
(703) 778-1292  
[www.alexandriasbdc.org](http://www.alexandriasbdc.org)

### MASON SBDC

Mason Enterprise Center  
4031 University Drive, Suite 200  
Fairfax, VA 22030-3409  
(703) 277-7747  
[www.masonsdbdc.org](http://www.masonsdbdc.org)

### LOUDOUN SBDC

202 Church Street SE, Suite 100  
Leesburg, VA 20175-3006  
(703) 430-7222  
[www.loudounsdbdc.org](http://www.loudounsdbdc.org)

### SBDC at CBP (COMMUNITY BUSINESS PARTNERSHIP)

7001 Loisdale Road  
Suite C  
Springfield, VA 22150  
(703) 768-1440  
[www.cbponline.org](http://www.cbponline.org)

### UNIVERSITY OF MARY WASHINGTON SBDC

1125 Jefferson Davis Highway  
Suite 400  
Fredericksburg, VA 22401  
(540) 654-1096  
[www.rrsbdc.biz](http://www.rrsbdc.biz)

### UNIVERSITY OF MARY WASHINGTON - WARSAW

P.O. Box 490  
479 Main Street  
Warsaw, VA 22572-0490  
(804) 333-0286  
[www.rrsbdc.biz](http://www.rrsbdc.biz)

## CENTRAL REGION

### LEAD CENTER-JMU

1598 South Main Street  
JMU MSC 5502  
Harrisonburg, VA 22807-0001  
(540) 568-3227  
[www.valleysbdc.org](http://www.valleysbdc.org)

### SHENANDOAH VALLEY SBDC

1598 South Main Street  
JMU MSC 5502  
Harrisonburg, VA 22807-0001  
(540) 568-3227  
[www.valleysbdc.org](http://www.valleysbdc.org)

### CENTRAL VIRGINIA SBDC

2211 Hydraulic Rd.  
Suite 107  
Charlottesville, VA 22901  
(434) 295-8198  
<http://www.cvsbdc.org>

### LORD FAIRFAX SBDC

Corron Community Dev. Ctr,  
Ste 109  
173 Skirmisher Lane  
Middletown, VA 22645-1745  
(540) 868-7093  
<http://www.lfsbdc.org>

### LORD FAIRFAX SBDC AT FAUQUIER

SBDC at Warrenton  
(Part Time Office)  
6480 College Street  
Warrenton, VA 20187-8820  
(540) 351-1595  
<http://www.lfsbdc.org>

### LORD FAIRFAX SBDC AT CULPEPER

Economic Development Office  
233 E. Davis Street, Suite 300  
Culpeper, VA 22701  
(540) 727-0638  
<http://www.lfsbdc.org>

### GREATER RICHMOND SBDC

600 East Main Street  
Suite 700  
Richmond, VA 23219  
P.O. Box 1598  
Richmond, VA 23218-1598  
(804) 783-9314  
[www.grsbdc.com](http://www.grsbdc.com)

## HAMPTON ROADS REGION

### LEAD CENTER

Hampton Roads Chamber of  
Commerce  
500 East Main Street, Suite 700  
Norfolk, VA 23510  
(757) 664-2595  
[www.hrsbdc.org](http://www.hrsbdc.org)

### HAMPTON SBDC

Thomas Nelson Community  
College  
600 Butler Farm Road  
Suite A, Room 1105  
Hampton, VA 23666-1564  
(757) 865-3126  
[www.hrsbdc.org](http://www.hrsbdc.org)

### EASTERN SHORE SBDC

19056 Parkway  
Melfa, VA 23410-0133  
Mail:  
P.O. Box 133  
Melfa, VA 23410-0133  
Office at Eastern Shore Chamber of  
Commerce  
(757) 789-3418  
[www.hrsbdc.org](http://www.hrsbdc.org)

### SUFFOLK SBDC

127 East Washington Street  
Suffolk, VA 23434  
(757) 664-2613  
[www.hrsbdc.org](http://www.hrsbdc.org)

### WILLIAMSBURG SBDC

Williamsburg Chamber of  
Commerce  
421 North Boundary Street  
Williamsburg, VA 23187-3495  
(757) 229-6511 Ext. 232  
[www.hrsbdc.org](http://www.hrsbdc.org)

## SOUTHERN REGION

### LEAD CENTER-LONGWOOD UNIV.

Longwood University  
515 Main Street  
Farmville, VA 23909-1898  
(434) 395-2086  
[www.sdbdc-longwood.com](http://www.sdbdc-longwood.com)

### LONGWOOD SBDC - FARMVILLE

Longwood University  
515 Main Street  
Farmville, VA 23909-1898  
(434) 395-2086  
[www.sdbdc-longwood.com](http://www.sdbdc-longwood.com)

### CRATER SBDC OF LONGWOOD UNIVERSITY

P.O. Box 1808  
1964 Wakefield Street  
Petersburg, VA 23805-0808  
(804) 518-2003  
[www.sdbdc-longwood.com](http://www.sdbdc-longwood.com)

### LONGWOOD SBDC - MARTINSVILLE

115 Broad Street  
P.O. Box 709  
Martinsville, VA 24114-0709  
(276) 632-4462  
[www.sdbdc-longwood.com](http://www.sdbdc-longwood.com)

### LONGWOOD SBDC- SOUTH BOSTON

515 Broad Street  
South Boston, VA 24592  
(434) 572-4533  
[www.sdbdc-longwood.com](http://www.sdbdc-longwood.com)

### LONGWOOD SBDC - DANVILLE

1008 South  
Main St  
Taylor Bldg, Ste 105  
Danville, VA 24541  
(434) 797-8482  
[www.sdbdc-longwood.com](http://www.sdbdc-longwood.com)

### REGION 2000 SBDC

147 Mill Ridge Road  
Lynchburg, VA 24502-4341  
(434) 582-6170  
[www.lbdc.com](http://www.lbdc.com)

## SOUTHWEST REGION

### LEAD CENTER- RADFORD UNIV.

Radford SBDC  
704-H Fairfax Street  
Radford, VA 24142  
(540) 831-6056  
<http://bac.radford.edu>

### RADFORD SBDC

704-H Fairfax Street  
Radford, VA 24142  
Mailing Address:  
PO Box 6953  
Radford, VA 24142  
(540) 831-6056  
<http://bac.radford.edu>

### ROANOKE REGIONAL SBDC

210 S. Jefferson Street  
Roanoke, VA 24011-1702  
(540) 983-0717  
<http://www.rrsbdc.org>

### MOUNTAIN EMPIRE SBDC

3441 Mountain Empire Road  
Big Stone Gap, VA 24219-4634  
(276) 523-6529  
<http://www.me.vccs.edu/sbdc/>

### SOUTHWEST VIRGINIA SBDC

P. O. Box SVCC, Rt 19  
Richlands, VA 24641-1101  
(276) 964-7345  
<http://www.sw.edu/sbdc>

### VIRGINIA HIGHLANDS SBDC

P.O. Box 828  
Abingdon, VA 24212  
Physical Address:  
100 VHCC Drive  
VA Highlands Community College  
Abingdon, VA 24210  
(276) 739-2474  
<http://www.vhcc.edu/sbdc>

### BLUE RIDGE CROSSROADS SBDC

Crossroads SBDC  
1117 E. Stuart Drive  
Galax, VA 24333  
(276) 236-0435  
[www.brceda.org](http://www.brceda.org)

# Statewide Economic Development Offices

**Accomack County**  
757.787.5700  
<http://www.co.accomack.va.us>

**Albemarle County**  
434.296.5822  
<http://www.albemarle.org>

**Alexandria Economic Development Partnership**  
<http://www.alexecon.org>  
703.739.3820

**Alleghany Highlands Economic Development Corp.**  
<http://www.allhighlands.org>  
540.862.0936

**Amelia County Economic Development**  
<http://www.ameliacova.com>  
804.561.3039

**Amherst County**  
434.946.9390  
<http://www.countyofamherst.com>

**Appomattox County Economic Development Authority**  
434.352.2637  
<http://www.appomattox.org>

**Arlington County**  
<http://www.arlingtonvirginiausa.com>  
703.228.0808

**Augusta County Community Development Department**  
<http://www.co.augusta.va.us>  
540.245.5700

**Bath County**  
<http://www.bathcountya.org>  
540.839.7221

**Bedford, City of**  
<http://www.bedfordva.gov>  
540.587.6021

**Bedford County**  
<http://www.bedford-countyeconomicdevelopment.com>  
540.587.5671

**Blacksburg, Town of**  
<http://www.blacksburg.va.us>  
540.961.1130

**Bland County**  
<http://www.bland.org/business>  
276.688.4622

**Blue Ridge Crossroads Economic Development Authority**  
<http://www.brceda.org>  
276.236.0391

**Botetourt County**  
<http://www.co.botetourt.va.us>  
540.473.8233

**Bristol, City of**  
<http://www.bristolva.org/econ.html>  
540.645.8710

**Brunswick County Industrial Development Authority**  
<http://www.bcida.org>  
434.848.0248

**Buchanan County Industrial Development Authority**  
<http://www.buchanan-countyida.org>  
276.935.4003

**Buena Vista, Economic Development**  
<http://www.buenavista-virginia.org/econDev.htm>  
540.261.8616

**Buckingham County**  
<http://www.buckingham-countyva.org>  
434.969.4242

**Campbell County**  
<http://www.campbellvirginia.com>  
434.592.9595

**Caroline County**  
<http://www.co.caroline.va.us/economic.html>  
804.633.4074

**Carroll County**  
<http://www.carrollcountya.org>  
276.730.3001

**Charles City County**  
<http://www.co.charles-city.va.us>  
804.652.4701

**Charlotte County**  
[http://www.co.charlotte.va.us/economic\\_dev](http://www.co.charlotte.va.us/economic_dev)  
434.542.5117

**Charlottesville, City of**  
<http://www.charlottesville.org>  
434.970.3110

**Chase City, Town of**  
<http://www.chasecity.org/industry.htm>  
434.372.5136

**Chesapeake, City of**  
<http://www.yeschapeake.com>  
757.382.8040

**Chesterfield County Economic Development**  
<http://www.chesterfield-business.com>  
804.318.8550

**Clarke County**  
<http://www.clarkecounty.gov>  
540.955.5100

**Colonial Heights**  
<http://www.colonial-heights.com>  
804.520.9265

**Craig County**  
<http://www.craigcountya.gov>  
540.864.5010

**Culpeper County**  
<http://www.culpepercounty.gov>  
540.727.3410

**Cumberland County**  
<http://www.cumberland-county.virginia.gov>  
804.492.9175

**Danville, City of**  
<http://www.discoverdanville.com>  
434.793.1753

**Dickenson County**  
<http://www.dickenson-countyvirginia.org>  
276.926.1699

**Dinwiddie County**  
<http://www.dinwiddieva.us/economic-dev/>  
804.469.4500 ext. 104

**Emporia-Greenville Industrial Development Corp.**  
<http://www.emporiagreenvillleidc.com>  
434.634.9400

**Essex County**  
<http://www.essex-virginia.org>  
804.443.4331  
**Fairfax, City of**  
<http://www.fairfaxva.gov>  
703.385.7862

**Fairfax, County Economic Development Authority**  
<http://www.fairfaxcountya.org>  
703.790.0660

**Falls Church, City of Economic Development**  
<http://www.develop-fallschurch.com>  
703.248.5491

**Fauquier County**  
<http://www.fauquierbusiness.com>  
540.349.1231

**Floyd County**  
<http://www.floydcova.org/business>  
540.745.9300

**Fluvanna County**  
<http://www.co.fluvanna.va.us>  
434.242.0234

**Franklin-Southampton Economic Development Inc.**  
<http://www.franklin-southamptonva.com>  
757.562.1958

**Franklin County**  
<http://www.yesfranklin-countyva.org>  
540.483.6606

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<http://www.fredericksburgva.gov>  
540.372.1216

**Fredericksburg Regional Alliance**  
<http://www.fra-yes.org>  
540.361.7373

**Giles County**  
<http://gilescounty.org/development.html>  
540.921.4368

**Gloucester County Economic Development Authority**  
<http://www.gloucestereda.org>  
804.693.6004

**Goochland County**  
<http://www.co.goochland.va.us>  
804.556.5858  
**Grayson County**  
<http://www.graysongovernment.com>  
276.773.2471

**Greene County**  
<http://eda.gcva.us>  
434.985.6663

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<http://www.greensvillecountyva.gov>  
434.348.4205

**Halifax County Industrial Development Authority**  
<http://www.halifaxvirginia.com>  
434.572.1734

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<http://www.hampton.gov/ed>  
757.727.6237

**Hampton Roads Economic Development Alliance**  
<http://www.hreda.com>  
757.627.2315

**Hanover County**  
<http://www.co.hanover.va.us/econdev>  
804.365.6464

**Harrisonburg**  
<http://www.harrisonburg-development.com>  
540.432.7736

**Henrico County Economic Development Authority**  
<http://www.henrico.com>  
804.501.7654

**Highland County**  
<http://www.highland-cova.org>  
540.468.2347

**Hopewell**  
<http://www.hopewellva.gov>  
804.541.2220

**Isle of Wight County**  
<http://www.insidetheisle.com>  
757.365.6251

**James City County**  
<http://www.jccecondev.com>  
757.253.6607

**King and Queen County**  
<http://www.kingandqueenconco.net>  
804.785.5975

**King George County**  
<http://www.king-george.va.us>  
540.775.9181

**King William County**  
<http://www.kingwilliam-county.us>  
804.769.4927

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<http://www.lancova.com>  
804.462.5129

**Lee County Industrial Authority**  
<http://www.leecountyida.com>  
276.346.7766

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<http://www.leesburgva.com>  
703.737.7019

**Lexington**  
<http://www.ci.lexington.va.us>  
540.462.3700

**Loudoun County**  
<http://biz.loudoun.gov>  
703.777.0426

**Louisa County Economic Development**  
<http://www.louisa-county.com/LCecodev>  
540.967.4581

**Lunenburg County**  
<http://lunenburgva.org>  
434.696.2546

**Lynchburg**  
<http://www.lyncburgva.gov>  
434.455.4490

**Madison County**  
<http://www.madisonco.virginia.gov>  
540.948.6700

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<b>Newport News Economic/Industrial Development Authority</b> <a href="http://www.newport-newsva.com">http://www.newport-newsva.com</a> 757.926.8428	<b>Poquoson</b> <a href="http://www.ci.poquoson.va.us">http://www.ci.poquoson.va.us</a> 757.868.3000	<b>Roanoke Valley Economic Development Partnership</b> <a href="http://www.roanoke.org">http://www.roanoke.org</a> 540.343.1550	<b>Stafford County</b> <a href="http://www.co.stafford.va.us/econdev">http://www.co.stafford.va.us/econdev</a> 540.658.8681	<b>Warren County</b> <a href="http://www.warrencountyva.net">http://www.warrencountyva.net</a> 540.636.4600	
<b>New River Valley Economic Development Alliance</b> <a href="http://www.nrvalliance.org/">http://www.nrvalliance.org/</a> 540.267.0007	<b>Portsmouth, City of</b> <a href="http://www.portsmouth-vaed.com">http://www.portsmouth-vaed.com</a> 757.393.8804	<b>Rockbridge County</b> <a href="http://www.co.rockbridge.va.us">http://www.co.rockbridge.va.us</a> 540.463.4361	<b>Staunton</b> <a href="http://www.staunton.va.us">http://www.staunton.va.us</a> 540.332.3869	<b>Washington County</b> <a href="http://www.washcova.com">http://www.washcova.com</a> 275.525.1305	
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